THE WALL STREET JOURNAL.

DOW JONES | News Corp * * * *   TUESDAY, JANUARY 18, 2022 ~ VOL. CCLXXIX NO. 13   WSJ.com   ★★★★ $5.00

DJIA Closed (35911.81) | NASDAQ Closed (14893.75) | STOXX 600 484.51 ▲ 0.7% | 10-YR. TREASURY Closed (yield 1.771%) | OIL Closed ($83.82) | GOLD Closed ($1,816.50) | EURO $1.1408 | YEN 114.62

What's News

Business & Finance

China's leaders moved to kick-start an economy that saw slowing fourth-quarter growth and another drop in the birthrate, cutting two key interest rates in response to the impact of pandemic restrictions and a property-market slump. **A1**

◆ **Stocks in mainland** China rose and Hong Kong stocks fell after Beijing's rate cut, while U.S. markets were closed for Martin Luther King Jr. Day. **B9**

◆ **Activision has fired** or pushed out dozens of employees and disciplined about 40 others since July as part of efforts to address allegations of sexual harassment and other misconduct at the videogame giant. **A1**

◆ **Unilever said** it wants to push further into health, beauty and hygiene products at the expense of slower-growing food brands after disclosing a $68 billion approach for Glaxo's consumer-health business. **B1**

◆ **Airline CEOs said** there could be significant flight disruptions when new 5G service goes live in the U.S. this week unless implementation within two miles of major airport runways is delayed. **B2**

◆ **BlackRock's Fink** defended his push for climate-friendly policies at the companies his firm invests in. **B1**

◆ **Activist investor** Macellum renewed a push to get retailer Kohl's to take action to boost its lagging stock price, including altering its board. **B1**

World-Wide

◆ **After punishing parts** of the South with ice and snow over the weekend, a winter storm hit the mid-Atlantic and Northeast U.S., causing widespread travel disruption and knocking out power by Monday morning to more than 200,000 homes and businesses. **A3**

◆ **Yemen's Houthi rebels** said they were behind aerial attacks in the United Arab Emirates that killed three people, as intensifying fighting in a seven-year civil war spills out across the broader Middle East. **A7**

◆ **North Korea test-fired** two suspected short-range ballistic missiles off its east coast, South Korean and Japanese militaries said, in Pyongyang's fourth weapons launch this month. **A9**

◆ **The Biden** administration's plan to buy and distribute 1 billion rapid Covid-19 tests is sending manufacturers and distributors racing to boost tight nationwide supplies. **A6**

◆ **As the White House** seeks to revive the 2015 Iran nuclear deal, one of the biggest obstacles is Tehran's demand that the U.S. provide a guarantee it won't again quit the pact and reimpose sanctions, diplomats involved in talks in Austria say. **A7**

◆ **Winter Olympians will** compete in Beijing next month without large crowds, the IOC confirmed, amid growing fears about the spread of Omicron within China. **A9**

JOURNAL REPORT
Outlook: The Covid Race to Watch. **R1-10**

CONTENTS

04237>
0 78908 63141 1

Nation Commemorates Birthday of Martin Luther King Jr.

CRISTOBAL HERRERA-ULASHKEVICH/SHUTTERSTOCK

FESTIVITIES: The Miami Norland Senior High School band performed on Monday at the Martin Luther King Jr. parade in Miami, as communities around the country held celebrations in honor of the civil-rights leader.

Dozens of Activision Staff Out Over Misconduct Allegations

By Kirsten Grind

Activision Blizzard Inc. has fired or pushed out more than three dozen employees and disciplined about 40 others since July as part of efforts to address allegations of sexual harassment and other misconduct at the videogame giant, according to people familiar with the situation.

A summary of those personnel actions was scheduled to be released by Activision before the winter holidays, but Chief Executive Bobby Kotick held it back, telling some people it could make the company's workplace problems seem bigger than is already known, the people familiar with the situation said.

Activision's moves follow sustained pressure from shareholders, staff and business partners for more accountability over its handling of misconduct issues. The recently completed summary also says Activision had collected about 700 reports of employee concern over misconduct and other issues—in some cases separate reports about the same incidents—since July, when a California state agency filed a lawsuit against the company over harassment claims.

An Activision spokeswoman, Helaine Klasky, confirmed that 37 people have "exited" and 44 have been disciplined as part of the company's investigation. She disputed the 700 figure. In a statement, she said employee comments included statements on social media, and the issues raised ranged from what she described as benign workplace concerns to "a small number" of potentially serious assertions, which the company has investigated. She said "the assertion regarding Mr. Kotick is untrue," and "our focus is making sure we have accurate data and analysis to share."

Santa Monica, Calif.-based Activision, the maker of popular game franchises including Candy Crush and World of Warcraft, has been under intensified scrutiny since a Wall Street Journal investigative article in November showing that Mr. Kotick, who has served as CEO

Please turn to page A10

Beijing Moves to Cushion Economy As Risks Worsen

Two interest-rate cuts follow sluggish fourth-quarter growth and a new drop in birthrate

By Stella Yifan Xie

HONG KONG—China's leaders moved to kick-start an economy that saw slowing fourth-quarter growth and another drop in the birthrate, cutting two key interest rates on Monday in response to the impact of pandemic restrictions and a property-market slump.

Officials said on Monday the economy expanded by 4% in the last three months of 2021, the slowest pace since the beginning of the Covid-19 recovery in the second quarter of 2020. That came after Beijing instituted measures last year designed to address longer-term economic imbalances but that also delivered a short-term hit to business activity.

While the country's gross domestic product expanded by 8.1% in 2021 from a year ago, the figure "masks a significant loss of growth momentum," said Eswar Prasad, a professor of trade policy and economics at Cornell University, who pointed to weak consumer demand caused by China's strict Covid-19 measures.

Please turn to page A9

Giant Stock Swings Send Some Into Bear Territory

By Gunjan Banerji
And Peter Santilli

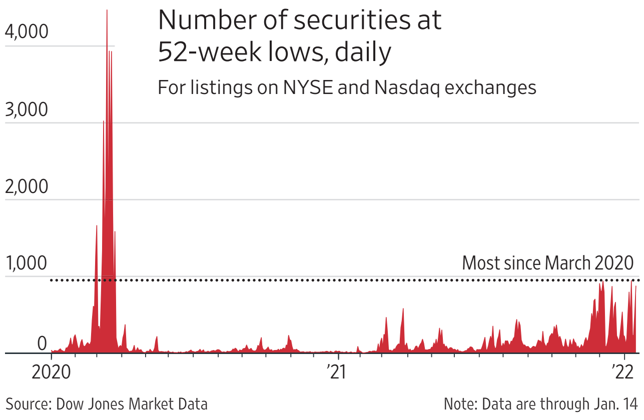
U.S. stocks are off to a rocky start in 2022. Under the surface, things are even more volatile.

More than 220 U.S.-listed companies with market capitalizations above $10 billion are down at least 20% from their highs. While some have bounced from their lows, many remain in bear-market territory. They include S&P 500 behemoths like Walt Disney Co., Netflix Inc., Salesforce.com Inc. and Twitter Inc.

The tech-heavy Nasdaq Composite has been particularly turbulent. Around 39% of the stocks in the index have at least halved from their highs, according to Jason Goepfert at Sundial Capital Research, while the index is about 7% off its peak.

At no other point since at

Please turn to page A2



Source: Dow Jones Market Data
Note: Data are through Jan. 14

Covid Rules Breach Costs Credit Suisse Chairman His Job

By Margot Patrick
And Emily Glazer

He came to fix Credit Suisse Group AG's broken culture. Then he became part of the problem.

António Horta-Osório was hoping for a slap on the wrist Sunday from the Credit Suisse board for breaking coronavirus quarantine rules on trips to events, according to people familiar with his departure. Instead, he had to leave his job as the bank's chairman for not upholding the high standards he set when joining Credit Suisse eight months ago.

Mr. Horta-Osório's departure makes him one of the biggest casualties of coronavirus rule breaches. Two Canadian executives resigned from their posts last year after traveling to get vaccinated. Separately, the head of a Canadian pension fund resigned after The Wall Street Journal reported he traveled to the Middle East to get an early vaccine dose.

Mr. Horta-Osório had to

Please turn to page A10

INSIDE

DARKO BANDIC/ASSOCIATED PRESS

SPORTS
Djokovic's slam chase is put on hold after star's deportation from Australia. **A14**

GIANRIGO MARLETTA/AFP/GETTY

BUSINESS & FINANCE
Disease spoils the orange-juice crop in Florida, sending prices rising. **B1**

How to Handle Pacemaker Powered By Plutonium—Very Carefully

* * *

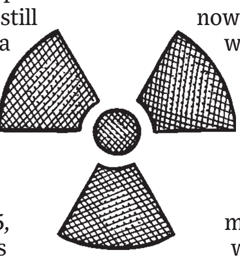
Bankrupt hospital had to find new caretaker for patient's decades-old device

By Becky Yerak

Document 2774 among the thousands in the bankruptcy case of Philadelphia's historic Hahnemann University Hospital laid out a curious problem. How should the hospital manage its only patient still implanted with a plutonium-powered pacemaker?

The woman, whose identity hasn't been revealed, received the device in 1975, back when she was 23 years old and pacemakers powered by the plutonium-238 isotope weren't uncommon. Nowadays, lithium-battery-powered devices are the norm.

The patient herself received a lithium-battery pacemaker in 1995, and the plutonium device is no longer functional. The radioactive one was never removed, because that would entail an "invasive surgical procedure" that wasn't warranted, according to the bankruptcy documents.



Nuclear waste

That left Hahnemann—and now its liquidators—with the long-term responsibility to keep track of the device and eventually dispose of it, in order to meet the legal requirements of its license with Pennsylvania environmental regulators.

Hahnemann's doors closed in 2019, and by late 2020 its medical records had been transferred, its signs removed and most of its hazardous biomedical waste handled—ex-

Please turn to page A10

U.S. NEWS

THE OUTLOOK | By Harriet Torry and Anthony DeBarros

Economists Cut Back Growth Forecasts as Threats Pile Up

The outlook for economic growth in the first quarter and 2022 is darkening amid the latest wave of Covid-19, as consumers grapple with high inflation and businesses juggle labor and production disruptions.

Forecasters surveyed by The Wall Street Journal this month slashed their expectation for growth in the first quarter by more than a percentage point, to a 3% annual rate from their forecast of 4.2% in the October survey.

The combination of higher inflation, supply-chain constraints and the fast-spreading Omicron variant caused economists to trim their forecast for growth to 3.3% for the current year as a whole, based on the change in inflation-adjusted gross domestic product in the fourth quarter of 2022 from a year earlier, from 3.6% in October. Last year, output rose 5.2%, economists estimate.

The economy faces a delicate balancing act this winter, economists say, as the rapid spread of the Omicron variant threatens to dent consumer spending and exacerbate labor and supply-chain shortages as workers call out sick.

Meantime, the Federal Reserve is under pressure from businesses and consumers to tame inflation, which recently hit its fastest pace in nearly four decades.

"The economy is at a major turning point in terms of whether inflationary expectations start to become embedded in the minds of companies, consumers, and workers," said Lynn Reaser, a former chief economist at Bank of America Corp. and now with Point Loma Nazarene University.

The current pandemic-related shortage of workers is expected to keep wages rising at an intense clip over the next few months, as employers offer higher pay packets to retain and hire staff. Economists expect average hourly earnings to be up 4.9% from a year earlier

Source: Commerce Department (actual for gross domestic product growth); Wall Street Journal Economic Forecasting Survey of 69 economists, Jan. 7-11, 2022 (forecasts); Labor Department (actual for wage, inflation)

in June; they rose 4.7% in December.

By the end of 2022, wage inflation is expected to cool slightly to a 4.5% year-over-year increase in average hourly earnings. Still, economists say workers stand to reap annual wage increases of roughly 4% for the best part of the next two years.

Spiraling inflation could force the central bank to aggressively raise short-term interest rates, risking a recession. The Fed cut rates to near zero and started buying bonds to lower long-term rates in 2020 as the coronavirus pandemic hit the U.S. economy, triggering financial-market volatility and a deep, short recession.

While the labor market is enjoying a robust recovery, economists say the central bank is now in danger of not raising interest rates fast enough to keep up with rapidly rising prices. Inflation, largely quiescent since the 2007-2009 recession, has picked up sharply since last spring as rising demand collided with Covid-19-related bottlenecks.

The Labor Department reported Wednesday that consumer prices rose 7% in December from the same month a year earlier, up from 6.8% in November. That was the fastest since 1982 and the third-straight month it exceeded 6%.

"This is the first time the Fed has chased inflation in decades," said Diane Swonk, chief economist at Grant Thornton. "The largest risk is that the Fed could panic

> Nearly two-thirds of those surveyed expect the Fed to raise rates in March.

and overshoot" by raising rates more quickly than the current level of inflation warrants, she said.

On average, survey respondents expect annual inflation to moderate to 5% in June, up substantially from the 3.4% they forecast in October, as measured by the consumer-price index. They expect it to cool further to 3.1% at the end of this year, up from last quarter's forecast of 2.6%.

Higher inflation and low unemployment mean economists expect the Fed to start increasing borrowing costs soon. Nearly two-thirds expect the Fed to raise rates at its March 15-16 policy meeting and keep raising them over the course of the year. Over half of forecasters expect three rate increases this year, while nearly a third expect more than three.

That is a dramatic shift from the last survey, in October, when just 5% of respondents expected a rate increase in March and over 40% expected no rate increases at all in 2022.

On top of rising prices, consumers, whose spending accounts for 69% of GDP, face continued uncertainty about the Covid-19 pandemic and the end of government support like the monthly child tax credit that provided a financial cushion for millions of households.

Concerns about limited supply remain a cloud over the outlook, forecasters say. Bottlenecks are expected to continue in part due to China's zero-tolerance strategy for combating the pandemic, which has led to disruptions at ports and factories.

"Freight rates remain extremely elevated, port backlogs are significant, Asia zero-covid policy is a major constraint while U.S. inventory rebuilding will add to the strains—that means demand could continue outstripping available supply for a considerable time to come," said James Knightley, chief international economist at ING.

More than half of economists expect supply-chain disruptions to persist at least until the second half of this year, with a third expecting them to continue until 2023 or later.

The Wall Street Journal survey of 69 business, academic and financial forecasters was conducted Jan. 7-11. Not all participants responded to every question.

ECONOMIC CALENDAR

Tuesday: The **Bank of Japan** could raise its forecasts for economic growth and inflation, but is otherwise expected to keep its ultra-easy monetary policy on hold.

Wednesday: Construction of **new homes in the U.S.** is estimated to have slowed in December as builders contend with shortages of material and labor, as well as rising costs. Even so, 2021 will likely be the strongest for housing starts since the waning days of the bubble in 2006.

Thursday: **U.S. existing-home sales** could show a slowing in December but would still be on track to post the best full year of sales since 2006. Housing has been one of the bright spots in the broader economy this year. Buyers have been motivated by low interest rates, higher household savings and a desire for more space to work from home. Demand also has been fueled by a large wave of millennials aging into their prime home-buying years.

Poor Nations' Jobless Rates Stay Elevated

By Paul Hannon

It will take at least two years before global unemployment falls back to pre-pandemic levels, according to fresh projections, with joblessness in poor countries remaining high even as labor markets in rich countries become increasingly tight.

The pandemic has upended the global labor market, initially sending unemployment soaring around the world. A surge in demand following the reopening of rich economies such as the U.S. created huge disruptions in labor markets, with companies in need of workers. But at the same time, a lack of vaccines in many poor countries is keeping unemployment high.

The U.S. labor market is nearing, or may already be at, full employment, but a United Nations agency said Monday that is far from true in many other parts of the world, with the Omicron variant of the Covid-19 virus likely stretching out the process of getting people back to work.

In new forecasts, the Geneva-based International Labor Organization said the number of hours worked globally would likely recover at half the pace it had previously projected for this year, with the number of unemployed workers falling to 207 million this year from 214 million last year, and to 203 million in 2023, still well above the 186 million recorded in 2019.

If the labor market remains on its current path, the number of unemployed workers would probably return to its pre-pandemic level in 2024, said ILO Director-General Guy Ryder.

"Two years into this crisis, the outlook remains fragile and the path to recovery is slow and uncertain," Mr. Ryder said.

The U.N. body said the weaker-than-expected recovery in employment was largely as a result of the spread of new coronavirus variants, including Delta and the more recent Omicron, each of which have led to closures of parts of the global economy and in particular hindered the recovery of the tourism and international travel industries.

The ILO also stressed the unbalanced nature of the recovery, with employment rebounding much faster in richer countries. In the U.S., the unemployment rate was 3.9% in December, and many economists believe the country is at or near a state of full employment, in which just about anyone who wants a job can get one.

Even in the eurozone, where employment recoveries have typically been slower than in the U.S., the unemployment rate was below its pre-pandemic level in November at 7.2%.

The ILO said that while rich countries account for just one-fifth of the global workforce, they will likely account for half of the world-wide decline in unemployment between the end of 2020 and the end of 2022. By 2023, it expects the number of unemployed in all rich countries to be back at its pre-pandemic level of 29 million. By contrast, it expects unemployment in developing countries to stand at 174 million, well above the 157 million recorded before the pandemic.

Mr. Ryder said that what amounts to a two-speed recovery was largely down to rich countries having greater access to vaccines and "the unequal fiscal firepower they can bring to the task of getting their economies moving again."

Stocks Off To Rocky Start in '22

Continued from Page One

least 1999—around the dot-com bubble—have so many Nasdaq stocks fallen that far while the index was this close to its high, Mr. Goepfert said.

The selloff in many individual stocks highlights how shaky the stock market's 2022 has been.

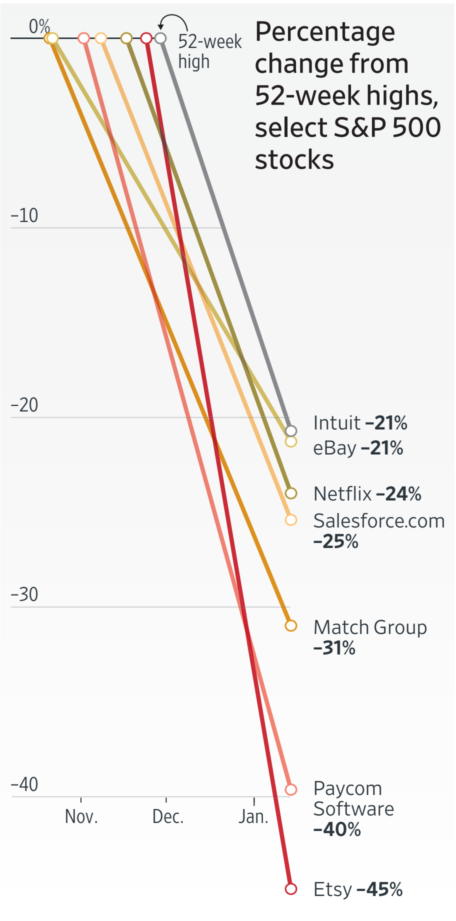
U.S. stocks posted last week a second-straight weekly decline, dragging the S&P 500 and Nasdaq down 2.2% and 4.8%, respectively, to start the year.

Some stocks and sectors have moved even more dramatically. "There's been a lot of disruption and divergence between winners and losers," said Ilya Feygin, a managing director at WallachBeth Capital.

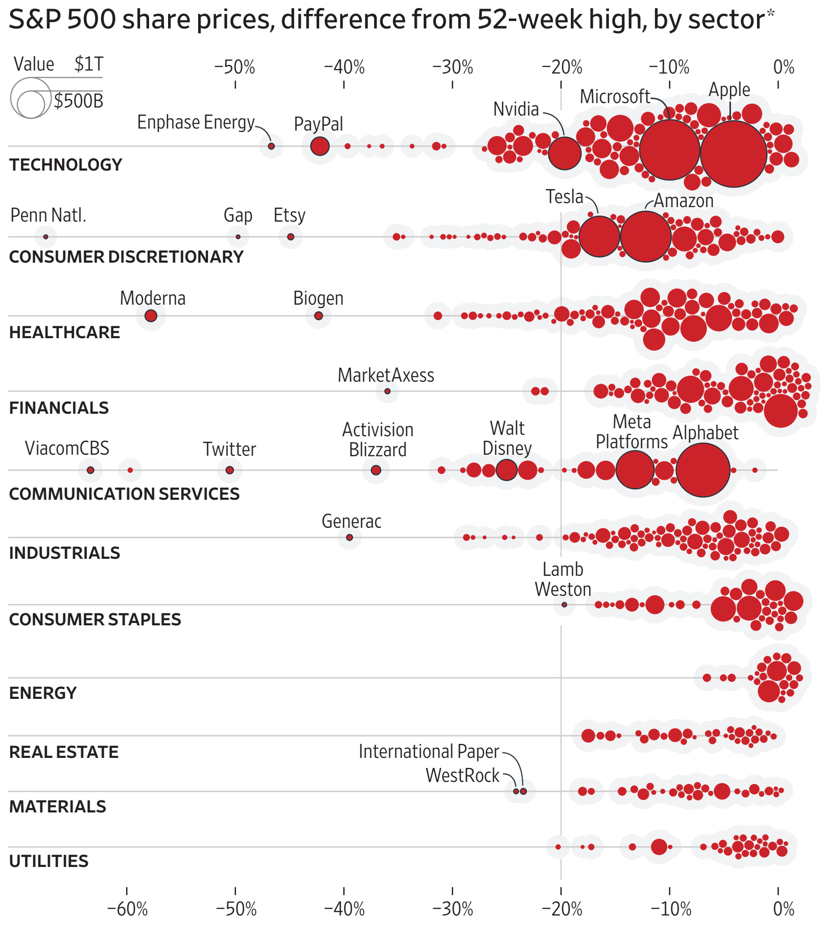
Many investors have been positioning for the Federal Reserve's shift to raising interest rates this year. That has sent Treasury yields to the highest level since 2020, while bond prices have declined, rippling across the market.

A turning point, traders said, was when the Federal Reserve in November warned of tighter monetary policy, abandoning the notion that the current bout of inflation would be short-lived. That triggered a selloff in shares of speculative growth companies that had been popular in early 2021.

Investors have continued to re-evaluate those companies, alongside other tech stocks, in the new year. For example, Cathie Wood's flagship fund, the **ARK Innovation ETF**, has lost 15% this year and is down



Source: Dow Jones Market Data



*Plotting of some circles approximated due to spacing.

around 50% from its 52-week high, or in a bear market.

The list of companies that are off 20% from their highs is also sprinkled with companies that went public in 2021, such as Rivian Automotive Inc. and Coinbase Global Inc.

"The 'Fed put' is dead in 2022," said Justin White, portfolio manager of T. Rowe Price's All-Cap Opportunities Fund, referring to the Fed's tendency to cut rates or hold off on rate increases in response to market turmoil. "It's going to take a lot more to make them blink than before."

Mr. White said he has been buying shares of financials and energy companies, which he thinks will benefit from rising interest rates. The trade has worked so far: The energy and financials sectors have gained 16% and 4.5%, respectively, in January, making them the best-performing groups in the S&P 500. The S&P 500's tech sector, down around 4.8%, has been one of the biggest laggards.

> The selloff in some stocks highlights how shaky 2022 has been.

In some cases, investors have soured on companies that flourished in 2021, expecting profit growth to slow after blockbuster returns over the past year.

Analysts expect S&P 500 companies' profits to rise 22% in the fourth quarter from a year earlier, much lower than in the past few quarters, when results were being compared with big losses during the pandemic.

Tech stocks are expected to record lower profit growth than the broader index.

Some of last week's earnings reports showed that corporations' results are cooling or have been dented by the Omicron variant of Covid-19.

Delta Air Lines Inc. said that the Omicron variant hurt fourth-quarter results and would likely crimp demand in the near future.

Results from the big banks showed that the pandemic profits they churned out are starting to ebb. Meanwhile, fresh economic data showed that spending and manufacturing activity slowed to end 2021, while consumers' opinions on the economy are worsening.

In the coming week, investors will be parsing results from Procter & Gamble Co. and United Airlines Holdings Inc. for clues on how companies are managing higher prices and labor shortages.

—Ken Jimenez contributed to this article.

CORRECTIONS & AMPLIFICATIONS

Notice to readers

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

Readers can alert The Wall Street Journal to any errors in news articles by emailing **wsjcontact@wsj.com** or by calling 888-410-2667.

THE WALL STREET JOURNAL

(USPS 664-880)
(Eastern Edition ISSN 0099-9660)
(Central Edition ISSN 1092-0935)
(Western Edition ISSN 0193-2241)

Editorial and publication headquarters: 1211 Avenue of the Americas, New York, N.Y. 10036

Published daily except Sundays and general legal holidays. Periodicals postage paid at New York, N.Y., and other mailing offices.

Postmaster: Send address changes to The Wall Street Journal, 200 Burnett Rd., Chicopee, MA 01020.

Letters to the Editor: Fax: 212-416-2891; email: wsj.ltrs@wsj.com

Need assistance with your subscription? By web: customercenter.wsj.com; By email: wsjsupport@wsj.com By phone: 1-800-JOURNAL (1-800-568-7625)

Reprints & licensing: By email: customreprints@dowjones.com; By phone: 1-800-843-0008

WSJ back issues and framed pages: wsjshop.com

Our newspapers are 100% sourced from sustainably certified mills.

GOT A TIP FOR US? SUBMIT IT AT WSJ.COM/TIPS

Texas Hostage Taker Was Briton

By Dan Frosch

The man who took four hostages at a synagogue in Texas was a 44-year-old British citizen, the FBI said.

In a statement Sunday, the Federal Bureau of Investigation identified the man as Malik Faisal Akram. He died late Saturday after a standoff that lasted more than 10 hours in the Dallas suburb of Colleyville. Officials didn't say how he died.

An elite FBI rescue team that flew in from Quantico, Va., stormed the synagogue and freed three of the hostages, authorities said. One hostage was released earlier, and none was harmed.

A law-enforcement official with knowledge of the situation said Mr. Akram is believed to have flown from Britain to the U.S. in recent days. The official said investigators believe Mr. Akram used a handgun in the standoff, and they are working to figure out how and where he purchased it.

A Facebook post from Mr. Akram's brother said the hostage taker was suffering from mental-health issues. In the post, Mr. Akram's brother said his family had been following the Texas standoff from England and was in contact with the FBI and negotiators during the incident. He wrote his family was devastated by the situation and apologized to those taken hostage.

"There was nothing we could have said to him or done that would have convinced him to surrender," the brother said in the post.

FBI agents are continuing to sift through evidence at the synagogue.

The U.K. Foreign, Commonwealth and Development Office said it was aware of the death of a British man in Texas and is in contact with the local authorities.

Police in England said on Twitter Sunday that two teenagers were arrested in connection with the hostage incident. Greater Manchester Police tweeted that the teenagers remain in custody for questioning, but didn't say whether they faced any charges.

In a statement, Rabbi Charlie Cytron-Walker, who was one of the hostages at Congregation Beth Israel, said he and his congregation had attended multiple security courses over the years, which he said helped him survive the situation.

"In the last hour of our hostage crisis, the gunman became increasingly belligerent and threatening," he said. "Without the instruction we received, we would not have been prepared to act and flee when the situation presented itself."

—Max Colchester in London contributed to this article.

Storm Pounds the East, Sets a Record

By Michael Wright

JOHN RUCOSKY/THE TRIBUNE-DEMOCRAT/ASSOCIATED PRESS

Lloyd Rhoads cleared the snow Monday in Jenner Township, Pa. Up to 20 inches fell in several states.

After punishing parts of the South with ice and snow over the weekend, a winter storm hit the mid-Atlantic and Northeast, causing widespread travel disruption and knocking out power by Monday morning for more than 200,000 homes and businesses.

The effects of the storm, known as Winter Storm Izzy, were felt from Georgia to parts of Canada. Asheville, N.C., got 10 inches of snow and broke the snowfall record that was previously set in 1891, according to the Weather Channel. At some stretches over the weekend, more than 80 million people were under winter weather alerts.

The National Weather Service said up to 20 inches of snow had fallen in parts of Ohio, Pennsylvania, North Carolina and South Carolina, with icy roads creating dangerous driving conditions. Heavy rain and strong winds lashed other areas, with some coastal communities at risk of flooding as well as falling trees and power lines.

Snow fell at a rate of more than 4 inches an hour in Buffalo, N.Y. The impact on New York City was expected to be limited to severe thunderstorms, with gusts of up to 55 miles an hour.

By Monday evening, power had been restored to about 100,000 customers and about 100,000 remained without power, with the Southeast the hardest hit, according to poweroutage.us. The governors of several states, including North Carolina and South Carolina, declared states of emergency, activating state resources to respond to the storm.

Two people died Sunday when their car skidded off the road and into trees east of Raleigh, N.C., the Associated Press reported. Virginia state police said they responded to almost 1,000 traffic incidents as a result of the storm on Sunday. No deaths were reported.

"If you're able tonight and tomorrow morning, stay home and off the roads," Georgia Gov. Brian Kemp said on Twitter.

Authorities in North Carolina were preparing shelters for people who were without power and heat.

The heavy snow was moving along the Appalachians and into the Northeast and was forecast to hit Canada's southeast on Tuesday, the National Weather Service said. Twenty or more states could be affected, it said.

More than 1,200 flights within, into or out of the U.S. were canceled Monday, following more than 3,000 Sunday, according to flight tracker FlightAware.com.

Multiple tornadoes were reported in Florida on Sunday, the National Weather Service said.

Latest Extreme Weather Tests Rural California

By Jim Carlton

MAX WHITTAKER FOR THE WALL STREET JOURNAL

Liz Shultz's Alta Sierra, Calif., garage was damaged by a fallen tree after the December snowstorm; she was without power for 17 days.

ALTA SIERRA, Calif.—The lights have turned back on in this community in the foothills of the Sierra Nevada, more than two weeks after a large snowstorm knocked out power in the longest blackout anyone here can remember.

Alta Sierra, 60 miles northeast of Sacramento, generally gets a few inches of snow each winter. But on Dec. 27, snow piled up to 3 feet high and knocked an estimated 2,000 trees onto power lines, causing blackouts for some 200,000 customers of **PG&E** Corp. across four counties.

Officials with California's largest utility said they restored power to about half those customers within the first 24 hours. It took weeks to restore the rest because of issues including snow-blocked roads and toppled poles and lines on many streets.

U.S. electricity customers experienced an average of about eight hours of power interruptions in 2020, versus four in 2016, according to the U.S. Energy Information Administration. Much of the difference stems from events such as hurricanes, wildfires and snowstorms, the agency said. Scientists and other researchers say such events are happening more frequently due to climate change.

"Generally speaking, we are in an era of amplified extreme events in terms of cost, frequency and diversity," said Adam Smith, a climatologist at the National Oceanic and Atmospheric Administration.

In California, the power disruptions have become particularly acute in the Sierra Nevada foothills.

Alta Sierra resident Liz Shultz, 70 years old, and her husband, Dale Brevoort, 80, spent much of the 17 days they were without power bundled in a jacket trying to stay warm in a home heated only by a wood stove. "I can start swearing like a sailor or crying like a baby," Ms. Shultz said last week as she looked forward to electricity returning, which it did hours later.

In addition to blackouts caused by snowstorms, PG&E has relied heavily on pre-emptive shut-offs of power in heavily wooded areas since its equipment sparked deadly wildfires in 2017 and 2018.

One of the hardest-hit areas has been Nevada County, where Alta Sierra is located.

In 2020, PG&E cut power in the area when a forecast of high winds heightened the fire risk. With multiple shut-offs like that since, many residents of Alta Sierra bought portable generators.

But Anna Wolf said it takes so much gasoline to run her generator that she and her husband turned it on only for a few hours each of the 10 days they had no power—at a total cost of about $1,000. "I hope they figure out something because between the shut-offs in the summer and now in the winter, it's pretty unbearable," said Ms. Wolf, 45, a nurse.

Some residents and officials have called for PG&E to take steps to better prepare for extreme weather events, including putting electric lines underground. "The fact that PG&E hasn't prepared for global warming is appalling," said Patrick Johnson, a 45-year-old professional puppeteer.

PG&E officials say they prune or cut more than one million trees annually and are evaluating where undergrounding equipment can best work after breaking ground on one such project. "In the case of winter storms, we are continuously innovating to improve the accuracy of our outage prediction models and finding ways to restore power more quickly and effectively in the event of an outage," said PG&E spokeswoman Lynsey Paulo.

Residents of Alta Sierra said they were alerted to the possibility of blackouts on the morning of Dec. 27 amid the heaviest snow. "Trees started snapping and transformers started to blow," Ms. Wolf said. "It felt a little apocalyptic."

A nearby neighbor, 109-year-old Rudy Thompson, huddled beneath a sleeping bag without power the next night as his 75-year-old son, Gary, fed logs into a fireplace and ran a space heater off a generator. "Dad's house had gotten very cold and dad was very uncomfortable," said the younger Mr. Thompson, who ended up finding shelter for his father, a World War II veteran, elsewhere.

Last Wednesday, a day after power was finally restored, the father and son returned to the home. "We've had deeper snows, but it wasn't as wet," said Rudy, who has lived there since 1978.

Child Care's High Cost and Low Availability Hit Home in Iowa

By Andrew Restuccia

KC MCGINNIS FOR THE WALL STREET JOURNAL

Brittany Graham said she was 120th on a child-care center's waiting list for her daughter, Annabelle.

WATERLOO, Iowa—Erin Turner recently started working 12-hour shifts to cover the $1,520 a month she spends on child care for her two young children, more than twice her rent. She says she sometimes eats crackers for dinner because money is so tight.

"We're already living within our means. We don't have anywhere else to cut back," said Ms. Turner, 30 years old.

In Iowa and around the country, in blue and red states alike, the cost of child care is weighing down families, one of several compounding problems in a sector that politicians of both parties agree is in need of reform.

Some families spend nearly one-third of their income on child care. Parents are competing for limited options. As more people leave the workforce or demand higher pay, child-care centers can't find staff willing to work for little more than minimum wage.

The rapid spread of the Omicron variant is making things worse. Parents, children and child-care providers are contracting the virus in record numbers, further straining the economy.

Democrats and Republicans in Washington say they recognize the problem, but disagree on the solutions. The prospect of a remedy from the narrowly divided Congress remains a long shot, but some lawmakers have said there is enough common ground to forge bipartisan compromise.

Democrats have proposed spending hundreds of billions of dollars to remake the country's child-care system, which they describe as the biggest federal child-care investment in history. Their proposal would subsidize child care for many Americans, while seeking to raise wages for workers, increase the number of child-care providers and improve the quality of care.

"It can make it possible for people who might be on the margin now between working and not working to make that decision to be in the labor force or be in the labor force for longer hours," Heather Boushey, a member of the White House Council of Economic Advisers, said of the Democrats' proposal.

But the Democrats' plans, which are included in broader education, healthcare and climate-change legislation, are stalled in the Senate after Sen. Joe Manchin (D., W.Va.) raised concerns about the overall spending levels in the bill. Mr. Manchin's vote in the 50-50 Senate is key because Democrats hope to pass their social-spending legislation without Republican support.

Senate Republicans are unanimously opposed to the broader social-spending package and some have specifically criticized the child-care proposal, arguing it could end up making it harder for families to find care. If the measure does pass, some GOP governors could choose to opt out of the program.

Republicans in Congress have proposed several child-care measures, but the GOP hasn't coalesced around one plan. GOP lawmakers have called for expanding tax credits to employers who provide on-site care and giving child-care providers additional support through grants and Small Business Administration programs.

Iowa exemplifies the problems playing out around the nation. The number of child-care programs in the state decreased 56% during the last decade, and the number of available spaces for children dropped by 6%, according to data compiled by Iowa Child Care Resource and Referral, a nonprofit that provides child-care consultation, technical assistance and training. Child-care workers make as little as $8-to-$10 an hour.

Judy Wolf, president of the Marita Theisen Childcare Center in Dubuque, said most of her new workers have quit within 90 days because they can make more money working at McDonald's or Walmart.

Under the Democrats' proposal, an eligible family of four in Iowa making $68,568 or less wouldn't pay for child care. A family making $114,280—125% of the state median—would pay about $4,571 a year, or 4% of their income. A family making more than $228,560—250% of the median—would pay for the full cost of child care out of pocket.

To qualify for the subsidies, parents must be working or engaged in other activities like going to school.

The legislation also seeks to expand the market of licensed child-care providers; by some estimates, more than half of the U.S. population lives in areas without enough licensed facilities.

Brittany Graham, 29, spent more than four months looking for child care for her toddler daughter. Open spots are so hard to find in this part of northeastern Iowa that she is coordinating with her child-care provider about when she should have a second baby.

She said she was the 120th person on a waiting list at one day-care center. "By the time you give me a call, my child won't be an infant anymore," Ms. Graham said she told workers at the center.

Biden and His Party Face a Crucial Stretch

CAPITAL JOURNAL

By Gerald F. Seib

Last Thursday, as President Biden suffered through what a well-loved children's book might have called a terrible, horrible, no good, very bad day, conservative commentator Jack Posobiec tweeted: "Today was historic. We saw the end of the Biden administration."

That's hyperbole, of course. Presidencies ebb and flow; look up Ronald Reagan and Bill Clinton to see proof of that. Mr. Biden is only about to begin the second of four years.

Still, it's hard to imagine a worse stretch than the one the president endured last week. His push for new voting-rights legislation appeared to die in the Senate, where his Build Back Better social-services and climate-change legislation already lies comatose. The Supreme Court killed his administration's Covid-19 vaccine mandate for large employers. Government data showed inflation at the highest level in four decades. Diplomacy to prevent a Russian invasion of Ukraine appeared to stall.

What that does mean is that the next month is crucial for Mr. Biden and his party. They need a plan to gain some traction and forward momentum before Mr. Biden's March State of the Union address—and before voter attitudes harden ahead of this fall's midterm elections. Conversations with Democrats suggest a series of steps they would like to see now.

In many ways, the road starts with progress against the coronavirus. "Covid just hangs over everything," says Michigan Rep. Debbie Dingell. Democrats can hope that expert predictions that the Omicron variant soon will peak, and will remain less lethal than its predecessors, are borne out—but hope isn't a policy. What some Democrats are looking for are more steps to end embarrassingly long lines for Covid-19 tests, and continued federal moves to help stressed hospitals.

Meantime, inflation is emerging as a problem almost as insidious as Covid-19. One of the reasons inflation is so politically damaging is that it is felt by literally every American. Only some are unemployed, and only some may see their wages stagnate, but everybody feels inflation.

To the extent today's inflation upsurge is the natural result of a recovery from the economic distortions the pandemic has created over the past two years, and continues to create, there is a limit to what the Biden administration can do about it.

But what can be done, some Democrats argue, is to move aggressively and visibly to shrink the supply-chain bottlenecks creating the shortages that fuel inflation. "There has to be an energetic response to the supply-chain crisis and the lack of production," says Rep. Ro Khanna of California. "Every day we ought to be talking about what we can do to increase the supply, the goods.... This is actually bipartisan."

That kind of effort could take many forms. More federal help to end backlogs at ports. A summit meeting with trucking companies to explore ways to help them attract and keep drivers. A House vote to fund the Chips Act, legislation designed to boost domestic production of the semiconductors that all sorts of manufacturers find in short supply. That would be a long-term rather than a short-term solution, but it remains a mystery why the House has yet to vote to fund chip legislation.

Most Democrats also hope to revive, in smaller form, the Build Back Better legislation. As originally constructed, that bill proved to be an overreach, trying to enact in one fell swoop more social and climate programs than Democrats had the votes to actually pass.

Yet walking away from the effort would mean Democrats would walk away from plans to help parents and working families that most in the party consider core to the party's identity. "We need to figure out a strategy for BBB," says Rep. Dingell.

That would require Democratic progressives to park their anger at West Virginia Sen. Joe Manchin, whose opposition spelled doom for the original legislation. Though he's angry at the White House for publicly blaming him for the legislation's downfall, Mr. Manchin appears prepared to work with other congressional Democrats on a smaller package.

"Let's listen to Sen. Manchin, give him the respect that he deserves to be the 51st vote (to pass the legislation), and see how we can come to a consensus," says Rep. Khanna, himself a leading progressive. "Passing something that helps working families is better than passing nothing."

The battle over voting rights now may move from Washington out into the states, where Democrats are paying the price for years of insufficient attention. Oh, and one other thing some Democrats are seeking: less talk about what hasn't happened, and more about what has been done, including a giant Covid-19 relief package and bipartisan infrastructure legislation last year. "You don't talk about what you didn't get," Democratic strategist James Carville said on NBC's "Meet the Press" Sunday. "Quit being a whiny party."

Maps Spur Intraparty Fights for House Seats

By Eliza Collins And Brian McGill

The good news for Rep. Haley Stevens is that her 11th Congressional District was redrawn to become a lot more blue. The bad news is she will have to run against friend and fellow Michigan Democrat Rep. Andy Levin to stay in Congress.

Both say they have the best claim to the new district, after the state's map was redrawn during a once-in-a-decade redistricting process. The district lost some of Ms. Stevens's more-conservative constituents and picked up some more-liberal voters from the old districts of Mr. Levin and another adjacent lawmaker.

Mr. Levin called it a no-brainer, saying his house "is smack dab in the middle of the new 11th district," all four of his children went to public schools there and his family history in the area goes back to the late 1800s.

Ms. Stevens said she went to high school in the district and that most of her old constituents are in the new boundary. "This is the district for me to run for re-election in, you know? I don't have anywhere else to go," she said.

State legislatures and commissions redraw voter maps nationwide every 10 years to reflect population changes. The redistricting process is closely watched because the new lines can favor one party or the other headed into the midterm elections, potentially providing a crucial lift in determining control of the House, currently split 221 Democrats to 212 Republicans.

In some cases, the fresh maps pit political allies against one another, either by combining large parts of neighboring lawmakers' districts or forcing lawmakers whose seats have been radically redrawn to seek a new home. In Michigan, Georgia, West Virginia and Illinois, roughly a dozen House members are expected to face off against colleagues from the same party. More races could follow once states finalize their maps.

"I don't wish this on anybody—it's much more fun to run against the other party," said Rep. Brad Sherman (D., Calif.), who beat a Democratic colleague in a heated and expensive race after redistricting a decade ago.

Notable contests this time include GOP Reps. David McKinley and Alex Mooney competing to represent the top half of West Virginia. Republican Reps. Rodney Davis and Mary Miller are competing for a district that surrounds Springfield, Ill., while Democratic Reps. Carolyn Bourdeaux and Lucy McBath are both vying for a seat in the Atlanta suburbs.

Almost all of the incumbent vs. incumbent races are taking place in safe seats. The one exception is in Illinois's Sixth Congressional District, where Democratic Reps. Sean Casten and Marie Newman are facing off in the primary in a district where the GOP is expected to be competitive.

Mr. Casten says he is the better fit after flipping a Republican-held seat in 2018. Ms. Newman, who won a Democratic primary in 2020 by running to the left, said she can rally voters throughout the district because she has lived in towns throughout the area—even if she currently lives just outside of the new boundaries.

David Wasserman, the senior House editor of the nonpartisan Cook Political Report, said member-vs.-member primaries are nothing new after redistricting. However, unlike cycles past, these races are currently all between members of the same party, rather than incumbents of different parties.

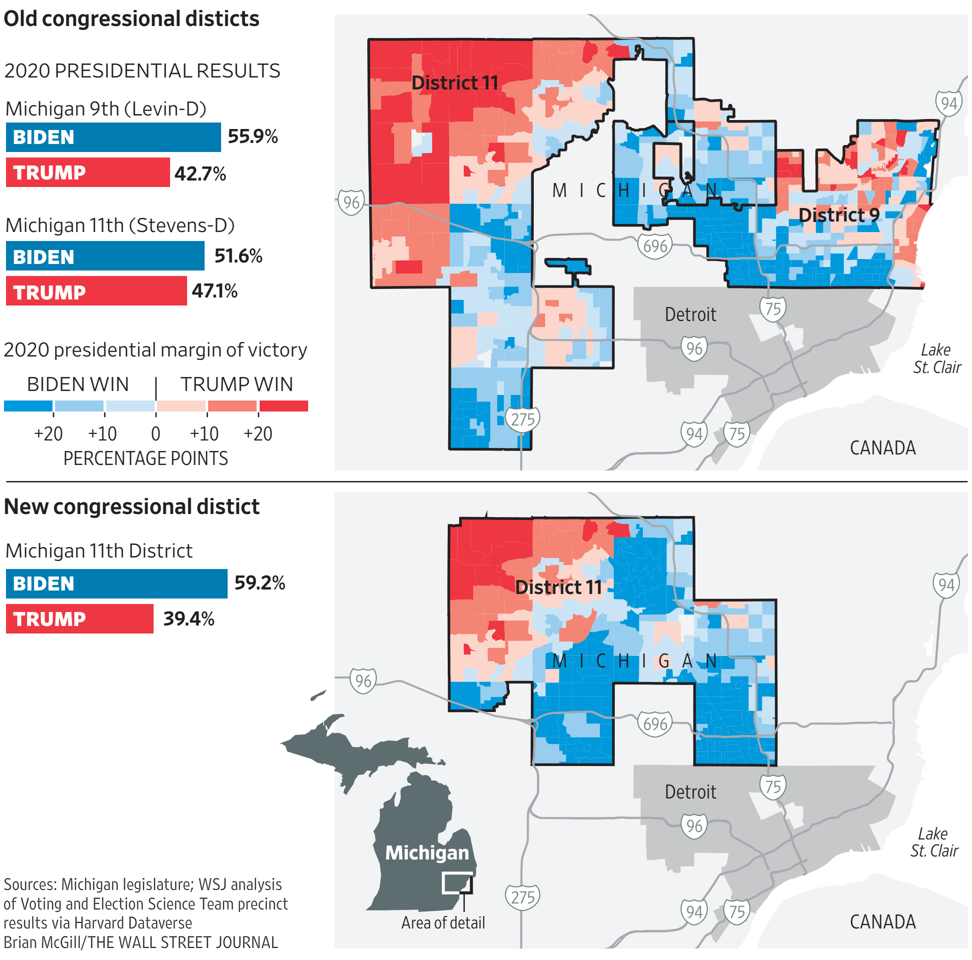
Incumbents come into these matchups with different advantages. Some are keeping more of their previous district than their opponent. Others could benefit from a shift in demographics in their new district—or, on the Republican side, their ties to former President Donald Trump.

"Democratic primaries are more about identity politics and groups, whereas Republican primaries are more about Trump than ever before," Mr. Wasserman said.

One marquee matchup is expected to be for Georgia's new Seventh Congressional District, which pits Ms. McBath, a prominent backer of gun control restrictions, against Ms. Bourdeaux, a member of the centrist Blue Dog Coalition. Ms. McBath won her seat in 2018 and Ms. Bourdeaux followed in 2020, with both flipping seats previously won by Republicans.

Mr. Wasserman notes that while Ms. Bourdeaux is keeping more of her current constituents, Ms. McBath, who is African-American, could have an advantage as a result of her personal story: the murder of her son in a dispute over music he was playing. A near-majority of primary voters in the new district are Black, he said. Ms. Bourdeaux, who is white, has said that her record is well known in the redrawn district.

Current representatives Haley Stevens and Andy Levin are competing in the same U.S. House district after Michigan lost a House seat during reapportionment.



Sources: Michigan legislature; WSJ analysis of Voting and Election Science Team precinct results via Harvard Dataverse
Brian McGill/THE WALL STREET JOURNAL

Number of congressional districts before and after redistricting, by partisan lean

	Democrat safe	Democrat lean	Competitive	Republican lean	Republican safe
Before	116	26	39	34	77
After	118	31	23	30	91

Note: As of Jan. 11 for districts in 28 states that have approved new maps plus six single-seat states.
Sources: WSJ analysis of Voting and Election Science Team precinct results via Harvard Dataverse; Census Bureau (old boundaries except N.C.); North Carolina legislature (old boundaries); state legislatures and redistricting commissions (new boundaries)

Voting Bill Set to Be Considered This Week

By Eliza Collins And Alan Cullison

The nation's capital marked Martin Luther King Jr. Day with a march for voting rights led by the family of the late civil-rights leader, as congressional Democrats vowed to press ahead on voting-rights legislation despite its expected failure.

The leaders of the march urged people to call on Congress to enact changes to elections laws nationwide in lieu of celebrations on the federal holiday dedicated to Dr. King's birthday.

The Senate is scheduled to begin debate on voting legislation this week, but Republicans are expected to block passage despite all Democrats being united in favor. Senate Majority Leader Chuck Schumer (D., N.Y.) will then likely attempt a parallel effort to change the Senate rules to allow Democrats to enact the legislation with a simple majority rather than a 60-vote threshold known as the legislative filibuster. The march's leaders support the move.

However, that effort is also likely to fail after Sens. Kyrsten Sinema (D., Ariz.) and Joe Manchin (D., W.Va.) reiterated last week that they wouldn't support nixing the 60-vote threshold.

Without their votes, Democrats can't make any alterations to the filibuster.

Sen. Mitt Romney (R., Utah), one of a handful of centrists open to working with Democrats, said on NBC that he had never gotten a call from the White House on voting legislation but was open to a more limited overhaul. Still, he criticized Democrats' current bills.

"They want a real dramatic change," he said.

Omicron Surge Spurs a Push For More Relief for Businesses

BING GUAN/BLOOMBERG NEWS

Lobbyists for gym owners seek $30 billion, which is what they say gyms lost from the start of the pandemic through last June.

By Brody Mullins

Hotels, fitness clubs, tour-bus companies and minor league ball clubs are part of a long line of businesses seeking billions of dollars in new Covid-19 relief aid—if they can overcome opposition from many Republicans who say Congress has already given enough.

Lobbyists for the businesses say their campaign has taken on new urgency as the Omicron variant sweeps across the country, forcing many companies to scale back or shut down operations.

A few Republican lawmakers support more relief funding for targeted industries, but most are generally opposed to spending more to help struggling businesses. These opponents say the government has already provided sufficient relief, including more than $900 billion through the Paycheck Protection Program, and that more spending will fuel inflation and budget deficits.

Lobbyists for those seeking aid, which also include restaurants and Broadway stage productions, contend their clients were left out of previous relief efforts or didn't get nearly enough to cover losses.

Industry lobbyists are targeting legislation being crafted by Sen. Ben Cardin (D., Md.), who had found an ally in Sen. Roger Wicker (R., Miss.) for a bill that would deliver roughly $60 billion in grants from the Small Business Administration.

Efforts to provide Covid-19 relief assistance appear to have support in the House. Nearly 100 Democratic and Republican lawmakers signed a letter in December calling for help for businesses.

Prospects are sketchier in the Senate. Democrats and their allies control 50 votes, so Mr. Cardin is seeking to sweeten the stimulus bill with provisions that can draw the support of 10 Republicans. He has the support of roughly a half-dozen Republicans so far.

Lobbyists for various industries are angling to add their Covid-19 relief proposals to a large appropriations bill that Congress must approve by mid-February. But that too could prove tricky.

Jason Freier, the owner of the Chattanooga Lookouts Double-A baseball team in Tennessee, said the cancellation of the 2020 season forced him to bench roughly 300 seasonal and part-time employees.

The team also furloughed all front-office employees except its president. "We are in a position where it is pretty urgent," said Mr. Freier.

Gym owners say the PPP wasn't much help because they have few employees and a greater share of expenses from facility leases and insurance. Their lobbyists are pressing Congress for a $30 billion aid package, which is roughly what they say gym owners have lost from the start of the pandemic through June 2021.

"We are making sure that Republicans understand that within reason, there is a need for targeted relief" for some industries, said Matt Haller, the president of the International Franchise Association, which represents franchise operations including gyms, restaurants, hotels and salons.

The American Bus Association is seeking $6 billion for its members, including companies that provide airport shuttle services, tours, charters and school bus transportation. The industry received $2 billion in federal relief funds in late 2020, but Peter Pantuso, the trade group's president, said it covered just a fraction of the industry's losses.

U.S. WATCH

DEFENSE DEPARTMENT

Top Military Officer Contracts Covid-19

Army Gen. Mark Milley, the highest ranking U.S. military officer, tested positive for Covid-19 and is isolating, the Pentagon said Monday.

Gen. Milley, chairman of the Joint Chiefs of Staff, "is experiencing very minor symptoms and can perform all of his duties from the remote location," said the chairman's spokesman. Gen. Milley has received the Covid-19 vaccines, including the booster, according to the chairman's office.

—Nancy A. Youssef

MICHIGAN

University Head Fired Over Relationship

The University of Michigan has fired Mark Schlissel as president, following an investigation by the board of regents into his relationship with another university employee.

Over a period of years, the regents said, Dr. Schlissel used his university email account "to communicate with that subordinate in a manner inconsistent with the dignity and reputation of the University."

Mary Sue Coleman, who served as president from 2002 until 2014, was named interim leader. Dr. Schlissel couldn't be reached to comment.

—Melissa Korn

PENNSYLVANIA

Funeral Is Held for 12 Victims of Fire

Funeral services were held Monday for nine children and three adults who died in a Philadelphia fire, the deadliest blaze in the city in more than a century.

The victims of the Jan. 5 fire were all on the third floor of a duplex owned by the Philadelphia Housing Authority. Investigators last week confirmed that it started at a Christmas tree.

—Associated Press

Test Makers Rush to Supply Nation

By Brianna Abbott and Peter Loftus

DEBRA L. ROTHENBERG/ZUMA PRESS

Covid-19 test kits are distributed in New York City. Supplies are tight as the Biden administration plans to give out 1 billion tests.

The Biden administration's plan to buy and distribute 1 billion rapid Covid-19 tests is sending manufacturers and distributors racing to boost tight nationwide supplies.

Rapid, at-home tests have been in short supply in recent weeks as holiday gatherings and the Omicron surge supercharged demand. Businesses, officials and people across the country were already competing for limited tests before the administration set plans to buy 1 billion more.

"I'm thrilled that the administration is doing this, but where are the tests coming from?" said Sara Citrenbaum, co-director of the volunteer advocacy group Rapid Tests.

The administration has completed contracts for 420 million tests, administration officials said Friday. Starting Wednesday, officials said, people will be able to order the first of the 1 billion rapid tests. People can order as many as four tests per household on covidtests.gov that will be shipped within seven to 12 days.

The Biden administration had secured 50 million at-home, rapid tests as of Wednesday, said Dawn O'Connell, Assistant Secretary for Preparedness and Response at the U.S. Department of Health and Human Services. "We worked with warehouses to see where additional tests were stored," Ms. O'Connell said at a Senate hearing.

The federal government last Thursday announced contracts with three rapid-test makers, Abbott Rapid Dx North America LLC, iHealth Lab Inc., and Roche Diagnostics Corp., for a total of 380 million over-the-counter tests. The contracts have estimated completion dates of March 14, according to the Defense Department.

Officials said the administration would be able to keep up with the promised timeline. They said 375 million rapid Covid-19 tests would be on the market in January in addition to tests the federal government is purchasing and distributing.

An **Abbott Laboratories** spokeswoman said the company plans to make 70 million BinaxNow tests in the U.S. in January and to reach output of 100 million a month by March.

"We've got plenty of capacity to support U.S. demand and international demand," Abbott Chief Executive Robert Ford said at an investor conference last week. "And I think you're seeing, also, even more companies ramp up their manufacturing."

The U.S. has an estimated capacity of 260 million rapid antigen tests this month, according to a Jan. 12 report from researchers at Arizona State University and Health Catalysts Group, a consulting firm. They used publicly available information to forecast that monthly capacity would increase to 355 million tests in February and 526 million tests in March.

Many test manufacturers are currently "on allocation," meaning that everything that they are producing has been designated to a specific customer before it is fully manufactured, the report said.

But the additional demand spurred by the Biden administration might cause manufacturers to further scale-up production, said Mara Aspinall, cofounder of the Biomedical Diagnostics program at Arizona State, who tracks the Covid-19 testing market and is a board member of the rapid-test maker OraSure Technologies Inc.

It might take some time to catch up, said Bernstein analyst Lee Hambright: "It's going to be hard to meet that demand, hard to get there quickly."

There are about a dozen companies with authorization in the U.S. to sell over-the-counter, at-home antigen tests, which hunt for pieces of virus protein and include brands like Flowflex and QuickVue in addition to Abbott's BinaxNow. There are also a handful of companies with authorization for PCR-like, over-the-counter tests.

A spokeswoman for **Quidel** Corp., which makes the QuickVue test, said the company has provided millions of at-home Covid-19 tests to the federal government and is increasing production at its factory in Carlsbad, Calif.

Two large over-the-counter antigen test manufacturers, Siemens Healthineers and SD Biosensor Inc., which joined with diagnostics giant Roche, got their authorizations in December and are expected to help boost rapid test supplies.

Siemens Healthineers is making millions of rapid tests available to U.S. customers and is working to distribute them through the federal and state governments, large health systems and at retail, a spokeswoman said. Roche will provide tens of millions of tests a month, with initial deliveries arriving in the U.S. later this month, a spokeswoman said.

iHealth is making around 200 million tests a month, and it expects to double that output in February, a spokeswoman said.

Another diagnostics company, LumiraDx, plans to launch an at-home Covid-19 test in the second quarter, with capacity to produce about 300 million a month.

—Renée Onque contributed to this article.

CDC Director Aims to Improve Messaging

By Sarah Toy

One year into her tenure as director of the Centers for Disease Control and Prevention, Rochelle Walensky acknowledged she hasn't been clear enough with the American public.

She says the pandemic threw curveballs that she should have anticipated. She thinks she should have made it clearer to the public that new rules and guidelines were subject to change if the nature of the fight against Covid-19 shifted again.

"I think what I have not conveyed is the uncertainty in a lot of these situations," Dr. Walensky said in an interview with The Wall Street Journal.

The CDC director has come under fire from public-health experts for the way she has communicated pandemic guidelines from mask wearing to isolation requirements. Some Biden administration officials said the CDC's explanations of new and amended guidelines can sometimes be hard to grasp.

Dr. Walensky said she is committed to communicating CDC policy more clearly. She is being coached by a media consultant and plans to hold more media briefings in the coming months separate from her appearances with the White House Covid-19 Response Team.

Recent changes to CDC guidelines were confusing, some health experts said.

Recent changes to the CDC's guidelines for people infected with Covid-19 were confusing and flawed, some public-health experts have said. The CDC on Dec. 27 cut in half the time infected persons need to isolate after testing positive, as long as they didn't have symptoms or their symptoms had improved.

But ending isolation after five days without a negative Covid-19 test risked putting people who were still contagious back into contact with others, some public-health experts said. "It's promoting the potential for more spread," said Eric Topol, director of the Scripps Research Translational Institute in La Jolla, Calif.

The CDC on Jan. 4. updated the guidelines, adding new instructions for people who want to test before leaving isolation. However, the agency stopped short of saying that people should get a test before ending isolation, spurring more confusion.

Dr. Walensky said the isolation guidelines were based on more than 100 papers about the risks presented by variants including Alpha and Delta, drawing on research conducted before Omicron spread across the world.

"We felt the need to take action before we had Omicron-specific data," she said. The recommendations also took into account reports from healthcare facilities and pharmacies whose staff were calling in sick and unable to work or dispense medications, she said.

The agency decided to add language about testing after it became clear to Dr. Walensky and other officials that people wanted guidance on using rapid tests to check whether they might still be infectious, she said. The CDC felt it needed to give people guidance on how to interpret such tests. Rapid tests authorized by the Food and Drug Administration weren't intended for testing out of isolation, she said. Negative rapid tests are a better barometer of infectiousness when they are conducted repeatedly over several days, she said.

"If you're positive—you should probably stay at home," she said. "But a negative—that doesn't mean you're not contagious. And we needed to be very clear about that."

—Sabrina Siddiqui contributed to this article.

Variant Surge Is Overwhelming Rural Facilities

By Julie Wernau

JON CHERRY/BLOOMBERG NEWS

The Covid-19 intensive care unit at Saint Claire Regional Medical Center in Morehead, Ky., last month.

When the Omicron surge hit the Navajo Nation this month, the main hospital that serves a far-flung and vulnerable population in the high desert across northern New Mexico and Arizona was immediately overwhelmed.

The 74-bed Gallup Indian Medical Center has so many patients that they are asking people, many of whom drove two hours for care, to go home and come back in a couple of days.

"You're not going to get a bed unless you need a ventilator, or you have a gunshot wound," said William Porter, deputy director of operations at Team Rubicon, which sends volunteer military veterans to disaster areas. The group is deploying roughly 20 medical personnel to the Navajo Nation, home to approximately 173,000 people in three states.

The rise of the highly contagious Omicron variant is leading healthcare workers to take drastic measures to prevent breakdowns in care. Though Omicron may cause less severe disease than earlier variants, research has shown, infection rates far surpassing previous pandemic peaks has pushed up the tally of people experiencing severe cases of Covid-19.

In rural America, the problem is worse. One or two missing workers can shut down an entire clinic. Now many are out sick with Omicron. Many rural facilities say they can't afford to hire travel nurses at rates that have skyrocketed during the pandemic. And some clinics and family practices that typically provide care that can keep people from landing at hospitals are closing because Omicron has hobbled their workforces, too.

Rural hospitals are using veterans groups and foreign nurses to bolster staffing. Some are recruiting unvaccinated workers who were fired elsewhere for failing to comply with mandates to get the shots. And some hospitals are asking workers with Covid-19 to keep working.

"We really feel we have an impending medical crisis here," said Teresa Tyson, nurse practitioner and executive director of the Health Wagon, a nonprofit clinic that provides free healthcare in Appalachian Virginia.

To keep people out of the hospital, the Health Wagon had been treating people with Covid-19 with monoclonal antibodies. Now they are rationing supplies of the treatment, making it more likely that some will need to be hospitalized, Ms. Tyson said. "We've had to do this thing where we take this 78-year-old cancer patient over someone who is younger who we think can better weather Covid," she said.

Sanford Health, a hospital system that serves remote parts of the Dakotas, Minnesota and Iowa, started in late 2020 to recruit nurses from overseas to alleviate staffing constraints that worsened during the pandemic. Sanford's goal is to convince upward of 700 nurses from countries including the Philippines, Nigeria, Brazil and India to move by 2024.

Sanford said hundreds of its 34,000 employees are out sick with Covid-19 and hundreds more are awaiting test results. One of the system's critical-access hospitals has closed after all four of its nurses went out sick with Covid-19. Some patients are driving two or three hours to the nearest ER as a result. Sanford is considering cutting nonessential services and elective surgeries. It has asked asymptomatic and Covid-19-positive employees who no longer feel sick to return to work after five days.

"This is an urgent situation," said Erica DeBoer, Sanford's chief nursing officer.

Hospitalizations Rise, but Some Hot Spots Improve

By James Hookway

The Omicron variant is continuing to generate high numbers of new infections, with hospitalizations climbing to levels that are threatening to pile more pressure on medical services, while some European countries are seeing a fall in new cases and Chinese authorities worry about the potential for new infections ahead of the busy Lunar New Year travel period.

The seven-day average for confirmed and suspected Covid-19 hospitalizations in the U.S. was at the highest recorded level over the weekend, with about 155,958 reported Sunday, after topping old records last week, data from the U.S. Department of Health and Human Services show. The seven-day average for newly reported cases also reached nearly 808,000 a day on Saturday, the first time it has breached 800,000, data from Johns Hopkins University show.

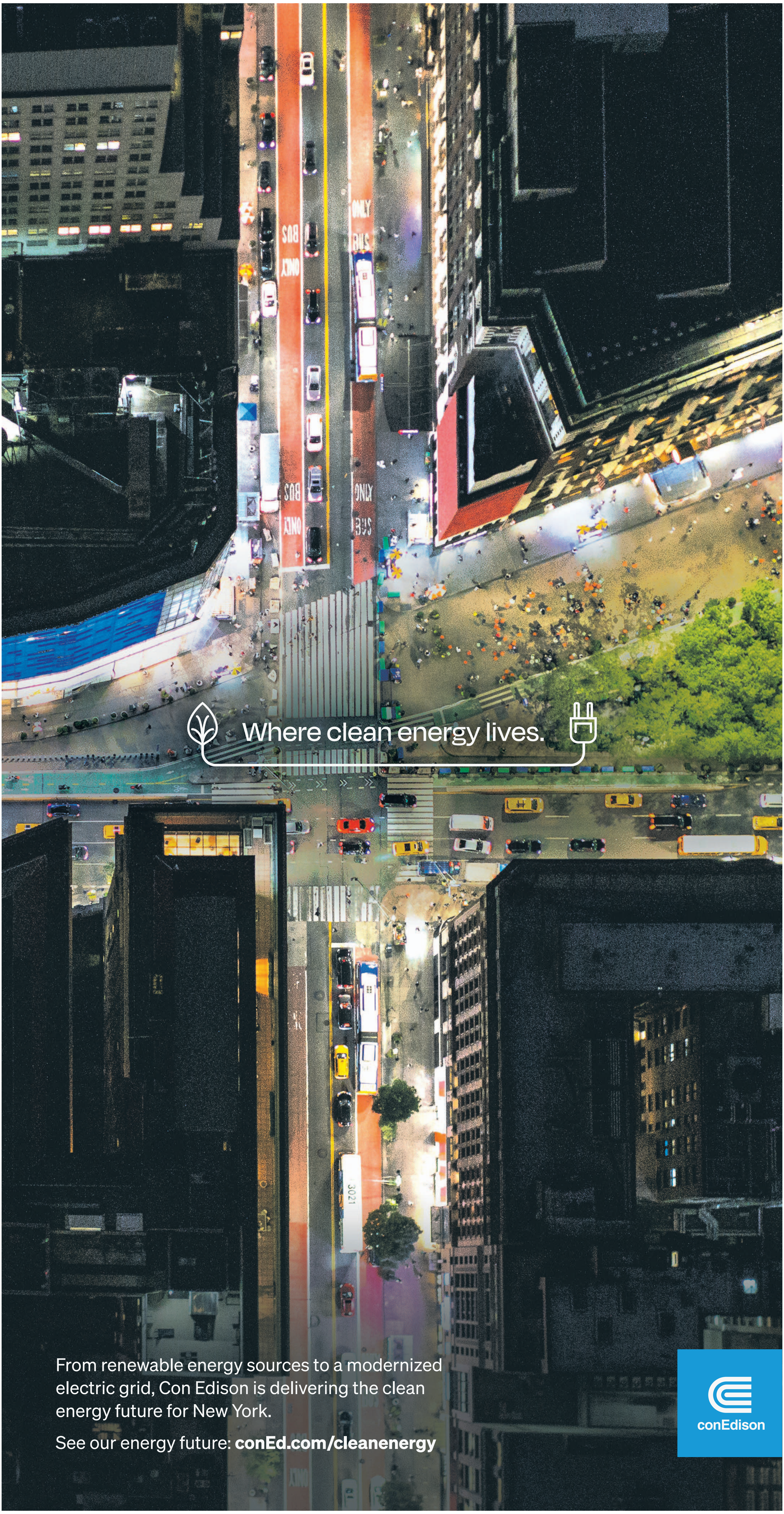
The data were inflated to some extent by a surge in cases reported in Texas, as the state revised its totals. Health experts warned that the true caseload could be far higher because of a rise in at-home testing, and increasingly advise that hospitalization rates are a more useful metric to follow the virus.

There are signs that the pandemic could be losing momentum, however, after new infections began to slow in some of the first U.S. hot spots, including New York, firming up a trend already established in places such as South Africa and the U.K., which were also hit early on with Omicron.

People in England are now able to end their coronavirus isolation after five days as of Monday, if they test negative on the fifth and sixth days. Sunday's seven-day average of new cases reported across the U.K. fell to 106,000 compared with 116,000 the day before.

Despite the positive signs, Ashish Jha of the Brown University School of Public Health said on "Fox News Sunday" that while U.S. hospitalizations have peaked or soon will in New York, New Jersey and parts of New England and Florida, the rest of the U.S. hasn't yet seen the worst of the Omicron surge.

China, meanwhile, is gearing up for Lunar New Year travel by warning of the risk of transmission. Several cities are requiring visitors to advise of their travel plans before arriving. Millions of people often travel home in the days leading up to the holiday, which this year takes place on Feb 1.


Where clean energy lives.
From renewable energy sources to a modernized electric grid, Con Edison is delivering the clean energy future for New York.
See our energy future: **conEd.com/cleanenergy**
conEdison

Yemen Rebels Claim Strikes on U.A.E.

Three die in suspected Houthi attacks on Abu Dhabi, as Yemeni civil war widens

BY SUNE ENGEL RASMUSSEN AND DION NISSENBAUM

AGENCE FRANCE-PRESSE/GETTY IMAGES

The Musaffah industrial area of the U.A.E. capital Abu Dhabi, where suspected Houthi aerial attacks Monday killed three people.

Yemen's Houthi rebels said they were behind aerial attacks in the United Arab Emirates that killed three people on Monday, as intensifying fighting in a seven-year civil war spills out across the broader Middle East.

The Houthis, who are backed by Iran, said they had targeted Abu Dhabi with ballistic and cruise missiles and a large number of drones in retaliation for a recent escalation by the U.A.E. in Yemen, where Emirati-backed militants last week dealt the Houthis an unexpected defeat in the oil-rich province of Shabwa. The Emiratis have intensified their efforts recently in support of local militants in Yemen in a Saudi-led coalition that had suffered defeats.

Three people were killed and six injured in explosions Monday that showed the Houthis are willing to strike in the heart of a country seen as the region's main hub for international business. In response, the Saudi-led coalition carried out airstrikes in San'a, the Houthi-held Yemeni capital, Saudi state media said.

Regional officials briefed on the investigation said they have no reason to doubt the Houthi claims.

Emirati officials denounced the strikes as terrorist attacks by the Houthis and vowed to respond. "Those responsible for this blatant targeting of our country will be held accountable," said Sheikh Abdullah bin Zayed Al Nahyan, the Emirati foreign minister.

Gulf officials also are looking at what role, if any, Iran may have played in ordering, supporting or encouraging the attack on Abu Dhabi.

A U.S. official said Iran wasn't suspected of direct involvement in Monday's attack. Iran hasn't commented on the attack.

Jake Sullivan, President Biden's national security adviser, condemned the attack. "Our commitment to the security of the U.A.E. is unwavering and we stand beside our Emirati partners against all threats to their territory," he said.

Monday's strike is the latest in a string of attacks that U.S., European and Israeli defense officials say illustrate the rapidly developing ability of Iran and its allies to build and deploy drones, which is changing the security equation in the region.

In the past year, the Houthis have developed advanced versions of their drones that are capable of long-range strikes with vastly improved precision, according to a draft report by the United Nations panel of experts seen by The Wall Street Journal.

While the Houthis claimed responsibility, Iranian-backed Iraqi militias last week also threatened to attack the U.A.E. with drones and missiles for allegedly unifying Sunni politicians against them and tampering with Iraqi elections.

The strikes caused an explosion involving three fuel trucks in Musaffah, an industrial area of Abu Dhabi, and a fire in a construction site at Abu Dhabi airport, according to U.A.E. state media. Those killed were two Indian citizens and a Pakistani, according to state media.

Nasr al-Din Amir, deputy chief of the Houthis' ministry of information, said more attacks were planned.

"The aim of this operation is to respond to their escalation and deter them, and if the Emirates continue their escalation, we will keep responding with our military operations against the U.A.E.," he said.

The strike on Monday is the most recent sign that Yemen's seven-year war is flaring back up, as opposing sides accelerate military operations, threatening a dangerous new spiral of violence.

The attacks took place on a day when energy-industry executives from across the world gathered in Abu Dhabi for an annual conference, and during a scheduled visit to the U.A.E. by South Korean President Moon Jae-in. Roads near the attack in Musaffah were closed to the public.

While the Houthis have repeatedly targeted Saudi Arabia with missiles and drones, and claimed to strike the U.A.E. in 2018, Houthi long-range drone and missile attacks usually don't cause fatalities.

Despite being part of the Saudi-led coalition in Yemen fighting Iranian-backed Houthis, the U.A.E. has for years taken a less prominent role in the region's conflicts. Two years ago, the U.A.E. announced it was withdrawing from Yemen's war, leaving only a small contingent of forces. But in recent days, the Emiratis stepped up support for local militias, said militia fighters and U.S. officials. The U.A.E.'s moves include airstrikes and repositioning militia fighters from the coast to prop up ranks in Shabwa, say local Emirati-backed militia members and the Houthis.

Those efforts last week helped local militias push the Houthis out of Shabwa, dealing them the most significant battlefield loss in years. The capture of Shabwa challenges the rebels' efforts to capture the oil hub of Marib, the last city under government control in the north of Yemen.

Iran Demands U.S. Vow Not to Quit Deal Again

BY LAURENCE NORMAN

VIENNA—As the Biden administration tries to revive the 2015 Iran nuclear deal, one of the biggest obstacles is Tehran's demand that the U.S. provides a guarantee that it won't again quit the pact and reimpose sanctions, diplomats involved in talks in Austria say.

The demand, a reaction to former President Donald Trump's withdrawal from the 2015 nuclear deal, appears to be a paramount political objective for the government of Iran's new hard-line president, U.S. and European diplomats here say. The diplomats said they don't believe the demand is designed by Iran to simply drag out the talks.

Tehran is reacting to ex-President Donald Trump's withdrawal from the 2015 pact.

The U.S. has consistently said no president can legally tie the hands of a successor without a treaty that would need to garner the backing of two-thirds of the U.S. Senate. The U.S. has also said the current talks should remain focused on restoring the 2015 deal, not seeking new commitments on both sides.

The standoff over guarantees comes amid what U.S. and European officials say are signs of progress in the Vienna talks, involving Iran, the U.S., Britain, France, Germany, Russia and China. The 2015 deal suspended most international sanctions on Iran in exchange for tight but temporary restrictions on Iran's nuclear program.

Western diplomats say a pathway to a deal is possible, showing more optimism since December when Iran's demands left negotiations on the brink of failure. U.S. and European officials are privately eyeing mid-February as the moment to decide whether the diplomacy is exhausted.

There has been progress on the fine print, including how sanctions would be lifted, how Iran will scale back its nuclear work, and how a deal might be implemented over several months. However, Western diplomats warn that a range of core political decisions on sanctions, nuclear steps and sequencing of an agreement must still be made, and many worry whether Tehran is willing to cut a deal quickly enough. Western officials have repeatedly warned that the window for talks is closing given the advances in Iran's nuclear work.

Saeed Khatibzadeh, a spokesman with Iran's foreign ministry, said Monday that diplomats were making progress in Vienna but key issues remained that "require certain political decisions."

"Washington should announce its decisions regarding the remaining issues and lifting of the sanctions," he said.

By demanding an ironclad U.S. commitment to a deal, Iran's concerns highlight a key weakness in the 2015 agreement. The deal was never signed as a treaty with clear legal guarantees. Its formal name, the Joint Comprehensive Plan of Action, underscored this was a set of political commitments, albeit pledges that were later backed up by a U.N. Security Council resolution.

In recent weeks, Western diplomats say they are seeing the demand for guarantees as a crucial objective for Iranian President Ebrahim Raisi's negotiators. Mr. Raisi is considered a possible successor to Iran's Supreme Leader Ayatollah Ali Khamenei, who himself has demanded guarantees.

WORLD NEWS

Internal Strife Compounds Ukraine Woes

BY JAMES MARSON

KYIV—Ukrainian President Volodymyr Zelensky took office three years ago promising to negotiate with Moscow to end a yearslong war in his country's east.

Now, Russia has gathered tens of thousands of troops around Ukraine and is pursuing talks with the U.S. about the country's future without Mr. Zelensky.

Firmly on the outside of international talks, Ukraine was buffeted by domestic turbulence Monday as pro-Western former President Petro Poroshenko returned to Kyiv from abroad to face charges of treason and financing terrorism. Mr. Poroshenko denies wrongdoing and says Mr. Zelensky is pursuing him as part of a political vendetta, something the president denies.

The international sidelining of 43-year-old Mr. Zelensky is emblematic of Ukraine's isolation. Russia has said it sees no point dealing with Mr. Zelensky since he refused to submit Ukraine to any kind of control by Moscow as the price of peace, current and former advisers say. As a result, they say, Russian President Vladimir Putin is using his military to try to strong-arm the U.S. into dropping its support for Kyiv and giving a binding commitment Ukraine wouldn't become a NATO member.

Caught in middle of U.S.-Russia dispute, president now drawn into domestic fight.

The U.S. has rejected that demand, but also sidestepped Mr. Zelensky's entreaties that NATO make good on a vague, 14-year-old pledge it would eventually let Ukraine join. Mr. Zelensky wants Ukraine to join the North Atlantic Treaty Organization and the European Union, but they say their doors are closed, at least for now. The U.S. and its allies say they are supporting and consulting with Ukraine as they seek to persuade Russia to pull its military back.

A bipartisan group of U.S. senators, led by Sen. Rob Portman (R., Ohio), was in Ukraine Monday for meetings with Ukraine's Foreign Minister Dmytro Kuleba and Interior Minister Denys Monastyrsky to address the country's security situation and how the U.S. can best support Kyiv. The lawmakers were also scheduled to meet with Mr. Zelensky.

Sen. Chris Murphy, a Connecticut Democrat who was part of the delegation, said on Twitter that "it is important to show bipartisan U.S. support for Ukraine in the face of Russian aggression."

Largely left out of talks, Mr. Zelensky has made calls in the past week for a summit with European powers or with Mr. Putin and President Biden. They have gone largely unanswered.

In Kyiv on Monday, thousands of supporters of Mr. Poroshenko gathered at an airport to greet the former president, who headed to a court that is expected to rule on whether he should be held in custody pending investigation and trial. He is facing charges of treason and financing terrorism for his alleged involvement in a plan to buy coal from territories in eastern Ukraine controlled by Russia through separatists.

Mr. Poroshenko said in an interview that Ukraine under Mr. Zelensky was returning to the kind of authoritarian control imposed by ex-President Viktor Yanukovych, who had his main opponent jailed before fleeing to Russia amid mass street protests in 2014.

Mr. Poroshenko said Mr. Zelensky was trying to distract attention from his own failings. "He doesn't know what to do with the Russian aggression," Mr. Poroshenko said.

Mr. Zelensky says his administration is trying to counter the political and economic power of tycoons like Mr. Poroshenko.

To critics, including Western capitals and Mr. Poroshenko's supporters, the timing of the court hearing couldn't be worse, given Russia's military maneuvers, and is emblematic of the kind of domestic preoccupations that have hampered Ukraine's 30-year efforts to establish, develop and defend itself.

"The United States is closely following the case against former President Poroshenko," the U.S. Embassy in Kyiv wrote on Twitter when charges were announced last year. "Crucial that process and outcome be based on the rule of law, not politics."

Mr. Putin had expressed hope that relations would improve under Mr. Zelensky, a Russian-speaking ex-comedian who had no political experience and whose troupe was popular in Russia.

Instead, Mr. Zelensky's presidency appears to have convinced Mr. Putin he can only achieve his long-term goal of dominating Ukraine by invading or threatening war to break the will of Kyiv's Western backers, according to Mr. Zelensky's current and former advisers.

Mr. Zelensky had hoped for solid support from Mr. Biden's administration. But Mr. Biden was focused on stabilizing ties with Russia in order to focus on China. The U.S. pulled back from efforts to block a Russian gas pipeline to Germany, which Ukrainian officials say cuts them out of lucrative gas-transit flows and frees Russia's hand for military operations.

When Mr. Putin returned troops to Ukraine's borders late last year, the U.S. and its allies quickly stressed they had no obligation to send troops to defend Ukraine as it is a partner, but not a member, of NATO.

—Vivian Salama contributed to this article.

TONGA GEOLOGICAL SERVICES/REUTERS

An underwater volcanic eruption off the Pacific island nation of Tonga on Saturday triggered damaging tsunami waves.

Volcano, Tsunami Ravage Tonga

BY STEPHEN WRIGHT

When an underwater volcanic eruption off Tonga triggered tsunami waves at least a meter high on Saturday, the managers of the Ha'atafu Beach Resort and their children sprinted through bushes in a desperate scramble to safety.

They have since returned to a changed landscape. The tropical coastline, popular with surfers and snorkelers, was ravaged by the tsunami, which caused ocean swells as far away as the U.S. West Coast and Japan. The nearby Kanokupolu village was severely damaged. The Ha'atafu Beach Resort has been destroyed, the New Zealand-based owners said on Facebook.

Tonga, a Pacific nation comprising around 170 islands, is counting the cost of damage from the eruption and tsunami, including to electricity networks and fresh water stores. On Monday, a New Zealand air force surveillance plane joined the efforts, seeking to monitor the impact on Tonga's outlying islands and quantify aid needs. The plane was unable to depart Sunday because of risk from a vast ash cloud.

Katie Greenwood, head of delegation for the International Federation of Red Cross and Red Crescent Societies in the Pacific, said that damage on Tonga's main island of Tongatapu wasn't catastrophic, but the situation on outlying islands wasn't clear yet, based on reports from humanitarian groups. Ms. Greenwood said that because Tonga has no recorded community spread of Covid-19, the country will be cautious about who it lets in to help with the relief effort.

There have been no official reports from Tonga of casualties or deaths among its 100,000 residents. Communications, however, remain patchy with much of the information aggregated so far from satellite-internet and phone connections to embassies and with Tonga's diaspora in New Zealand, Australia and elsewhere. Images provided by Taukolo Matekitonga, a Tongan resident of Sydney, showed families sleeping under makeshift shelters after evacuating inland.

Residents of Tongatapu—home to most of Tonga's people as well as the Tongan monarchy's waterfront palace, embassies and resorts—recounted a deafening sound from the eruption of the Hunga Tonga-Hunga Ha'apai volcano about 43 miles to its north. Soon the sky darkened, spewing ash that would blanket the archipelago. Not long after, tsunami waves started to crash ashore, carrying away vehicles and inundating seafront properties, videos showed.

New Zealand Prime Minister Jacinda Ardern on Monday said electricity had been restored in Tonga's capital and Tongan authorities had reached some outlying islands. Ms. Ardern said a Hercules transport plane will speed the delivery of clean water to Tonga, which is reliant economically on agriculture and trade with New Zealand and Australia.

Undersea-cable network companies believe the disaster has caused a break in Tonga's cable that connects the country to the rest of the world via Fiji. The last break in 2019—caused by a ship's anchor—took two weeks to repair using a specialized vessel, but didn't face the complications of an erupting volcano.

WORLD WATCH

OLYMPICS

Chinese Public Barred From Buying Tickets

Winter Olympians will compete in Beijing next month without large crowds, the International Olympic Committee confirmed Monday, amid growing fears about the spread of the Omicron variant of the coronavirus within China.

The decision not to sell tickets to the Chinese public makes Beijing the second consecutive Olympics to be contested largely without fans. The Tokyo Olympics last summer also didn't allow the general public to attend.

The move was anticipated, as organizers had first declined to sell tickets to international spectators, then later indicated they hadn't decided to make them available to Chinese residents.

The IOC said it plans an "adapted program that will invite groups of spectators to be present on site during the Games."

Under rules adopted by Beijing organizers attempting to adhere to a goal of "Covid zero," the Winter Olympics have been set up to take place in a "closed loop" sealed off from the rest of the country. Chinese visitors would have faced lengthy quarantines.

—Louise Radnofsky

KEVIN FRAYER/GETTY IMAGES

A fence is built around a Beijing hotel to ensure athletes, officials and journalists are isolated from the public amid Covid-19 concerns.

JAPAN

Inflation Outlook Is Raised Slightly

The Bank of Japan raised its price forecast slightly amid pandemic-related supply shortages, although it still expects its 2% inflation target won't be reached for at least the next two years.

In its quarterly outlook released Tuesday, the bank's policy board projected inflation would increase 1.1% in the year ending March 2023 and 1.1% in the following year, up from previous projections for 0.9% and 1.0%, respectively.

For the current fiscal year ending in March, the bank expects prices to be flat.

The pandemic has caused a shortage of goods and materials amid a global recovery in consumer demand. In the U.S., annual inflation hit 7% in December, the fastest pace in four decades.

—Megumi Fujikawa

NORTH KOREA

Pyongyang Fires Two More Missiles

North Korea test-fired two suspected short-range ballistic missiles off its east coast on Monday, the South Korean and Japanese militaries said, in what is Pyongyang's fourth weapons launch of the month.

The missiles were fired at 8:50 a.m. and 8:54 a.m. from the Sunan airfield outside Pyongyang, South Korea's military said. They flew about 235 miles and at an altitude of 26 miles before splashing into waters between Korea and Japan, it said.

—Timothy W. Martin

AFGHANISTAN

Deadly Earthquake Hits Western Region

Two earthquakes rattled western Afghanistan on Monday, killing at least 22 people, an official said. There were fears the toll could rise further in Badghis province, one of Afghanistan's most impoverished regions.

A provincial official said scores of homes were destroyed in the quakes, which were magnitude 5.3 and 4.9.

—Associated Press

China Tries To Cushion Economy

Continued from Page One

Now, Beijing officials are taking steps including increasing mortgage lending to home buyers. The central bank's interest-rate cuts announced Monday could pave the way for further cuts to the benchmark lending rate.

The Shanghai Composite Index climbed 0.6% Monday after the announcement, while the pan-continental Stoxx Europe 600 closed 0.7% higher. Hong Kong's Hang Seng Index fell 0.7%. U.S. markets were closed for a holiday.

Beijing officials face rising uncertainty around the spread of the pandemic, as well as the property slump and what economists said is a looming drop-off in export demand during a politically important year. Chinese leader Xi Jinping is expected to break with recent precedent and seek a third term as leader at a closely watched Communist Party meeting this year, and the political imperative for growth and stability has raised the likelihood that policy makers respond to any weakness by easing some of its regulations.

Loosening restrictions, though, threatens to leave unresolved long-festering issues such as a frothy housing market, the fast-declining birthrate and widening social inequality, which could further undermine Beijing's goal of ensuring stable growth.

Monday's data showed the number of newborns in China falling for a fifth straight year in 2021 to the lowest level in modern Chinese history, despite new measures unveiled last year by Beijing to encourage births.

"The more you emphasize stability, the more you emphasize avoidance of defaults, redistribution and paying the costs of indebtedness, the more it creates conditions for instability down the road," said George Magnus, a research associate at Oxford University's China Center.

After staging a spectacular rebound from the pandemic based largely on its manufacturing sector, China's economy quickly slowed in the second half of 2021 as a series of new regulations roiled private businesses in the consumer internet, education and real-estate sectors.

5.1%

China's headline jobless rate, the third straight monthly rise.

The direction of China's recovery will be closely watched around the world, which has grown increasingly reliant on China as a market for its commodities and as a key hub in the global supply chain.

Manufacturers in Germany, Europe's biggest economy and industrial powerhouse, are feeling the squeeze by the slowdown in China, which was Germany's largest trading partner in 2020. German exports to China declined by 4.2% in November year-over-year, to €8.9 billion—worth $10.1 billion—while its exports to the U.S. surged by about 15% to €11 billion over the same period, according to the federal statistics agency.

At Volkswagen AG, global vehicle deliveries declined by almost one-third in the three months through December, to about 1.9 million. Sales in China, its biggest single market, were particularly weak, declining by about 37% year-over-year in the last quarter of 2021 to about 755,000.

Many economists expect Beijing to set a growth target of at least 5% this year, largely in line with the country's pre-pandemic trajectory. If economic conditions deteriorate more dramatically, China could respond by further easing some of the earlier tightening policies.

Wei Yao, chief China economist at Société Générale, said new easing measures, including attempts to stimulate infrastructure spending and consumption, could come as early as annual legislative meetings set for March.

One key sector to watch will be the property market, which by some estimates accounts for about one-fifth of overall economic activity in the country. Though many economists predict the real estate slowdown to stabilize by midyear, the sector is unlikely to bolster the economy like it has in the past.

"The government is managing a downturn in the real-estate sector to avoid any kind of crisis, but I also don't expect too much growth from that," said Bert Hofman, director of the East Asian Institute at the National University of Singapore and a former World Bank economist.

Another risk is Covid-19 and China's zero-tolerance policies to contain the virus's spread. Beijing has shown little appetite to change course on its "zero-Covid" approach, which economists said could mean more economic pain this year as consumers spend more frugally.

Monday's data showed retail sales, a gauge of consumer spending, weakening further in December, rising just 1.7% from a year earlier. Over the past two years, monthly retail sales have increased by 3.9% on average in year-over-year terms, far below the roughly 8% level before the pandemic.

China's headline measure of joblessness, the urban surveyed unemployment rate, also increased to 5.1% in December, the third straight monthly increase. The jobless rate for the 16-24 age group remained unchanged at 14.3%.

"The biggest downside risk for 2022 is still with consumption, due to lockdowns and public concerns over Omicron," said Yue Su, China economist at the Economist Intelligence Unit.

Ms. Su worries that stimulus efforts might not reach the private sector, which supplies 80% of jobs in urban areas.

—Grace Zhu, Bingyan Wang and Tom Fairless contributed to this article.

Activision Pushes Out Employees

Continued from Page One

for more than three decades, didn't inform the board of sexual misconduct allegations that he was aware of, including rape, against managers across the company.

The Nov. 16 article, citing interviews and internal documents, also detailed misconduct allegations against Mr. Kotick, including when an assistant complained in 2006 that he had threatened in a voice mail to have her killed.

Activision has said the Journal's reporting gave a misleading view of the company and its CEO. Mr. Kotick has said he was transparent with his board, which issued a statement supporting him. An Activision spokeswoman has said that he wouldn't have been informed of every report of misconduct and that Mr. Kotick regrets the alleged incident with his assistant.

Activision is facing regulatory probes into its culture and its handling of harassment allegations from the Securities and Exchange Commission and the California Department of Fair Employment and Housing, which filed the July lawsuit against it in Los Angeles Superior Court. The company has disputed the California agency's allegations and said it is cooperating with the SEC.

In September, Activision said it had agreed to a settlement with the Equal Employment Opportunity Commission over sexual-harrassment and other misconduct claims at the company. That agreement awaits approval by a judge.

After questions from the Journal in October, Activision outlined a series of changes, including a zero-tolerance harassment policy and an end to mandatory arbitration for harassment and discrimination claims.

DAVID MCNEW/AGENCE FRANCE-PRESSE/GETTY IMAGES

Activision is facing regulatory probes into its culture and its handling of harassment allegations from the Securities and Exchange Commission and the California Department of Fair Employment and Housing. Above, company employees at a protest in July in Irvine, Calif.

In December, Chief Operating Officer Daniel Alegre wrote in a staff letter that Activision was committed to increasing the share of women and nonbinary employees by 50% within the next five years to more than one third of the total, and to being more transparent about workplace issues. "One of the key areas of feedback has been the need to share more information openly as a company," the letter said.

As described in the unreleased summary, company officials led by Frances Townsend, Activision's chief compliance officer, have also worked to remove employees they have determined to be guilty of bad behavior, according to the people familiar with the situation.

The data compiled by Activision show it had so far reviewed more than 90% of the approximately 700 employee reports it had collected, according to the people. The Journal's November article reported that Activision had received more than 500 reports of workplace misconduct and other issues since the California agency's July lawsuit, a figure Ms. Klasky disputed in her Friday statement.

The summary doesn't detail specific incidents. Among cases it tallies was one in which a pair of employees together solicited colleagues for inappropriate sexual behavior, the people said. Activision learned of the misconduct in October and fired the pair soon after, according to the people. The Activision spokeswoman confirmed the company terminated the two people "within weeks of the initial notice to us."

In a letter to employees made public in October, Ms. Townsend said Activision had "exited" 20 employees and another 20 had faced disciplinary action. "We know there's a desire to know about the outcome when misconduct is reported," Ms. Townsend wrote. "Sometimes, there are privacy reasons we can't share. But where we can, we will be sharing more information with you. We will also be providing you regular, aggregate data about investigative outcomes."

Following the Journal article, nearly a fifth of Activision's roughly 10,000 employees signed a petition calling for Mr. Kotick to resign. The company also has faced questions from major business partners. This month, toy company Lego A/S said it paused the planned release of a product line based on Activision's Overwatch franchise and is reviewing its partnership with Activision due to "concerns about the progress being made to address continuing allegations regarding workplace culture."

Ms. Klasky said Activision values Lego's feedback and is talking with the company about changes it is making.

Activision's share price is down nearly 30% since the first regulatory investigation was made public in late July, a period in which the Nasdaq Composite Index rose by a few percent. Investors have called and written to the company and its directors in recent weeks, expressing concern about Activision and its board's handling of misconduct allegations, and about the independence of the board in general, according to people familiar with the communications and to correspondence viewed by the Journal.

Ms. Klasky said Activision is "routinely in discussion with our shareholders regarding inquiries they make."

Fidelity International, a U.K.-based investor, sent a letter to Activision Chairman Brian Kelly calling for an independent review by an outside law firm and saying the board should consider placing Mr. Kotick on administrative leave while that happens.

The letter, viewed by the Journal, is dated Nov. 30 and hasn't been previously reported. It also asked for more board independence and pointed out that Mr. Kelly and lead independent director Robert Morgado both have served in their roles for more than 20 years.

The letter warned that Fidelity International, which owns about 0.6% of Activision, according to FactSet, would divest shares or "enlist the support of other shareholders," if its concerns weren't appropriately addressed.

Messrs. Kelly and Morgado didn't respond to requests for comment.

A Fidelity International spokeswoman declined to comment. Fidelity International operates separately from the similarly named U.S. investment firm.

Activision's board has stood by Mr. Kotick, with directors telling some investors that he is the right person to lead the company and pointing to the initiatives taken to change its culture, according to the people familiar with the investor communications.

In late November, the board made public the formation of a "workplace responsibility committee" made up of two independent directors to improve workplace culture and eliminate harassment and discrimination.

Mr. Kotick told senior managers in the days after the Journal article that he would consider leaving Activision if he couldn't quickly fix the culture problems, the Journal reported.

Ms. Klasky said Friday: "The Board's support for Bobby is unchanged, and it is pleased with the commitment and leadership Bobby has demonstrated so far" in implementing changes.

—Sarah E. Needleman and Ben Fritz contributed to this article.

Bank Chair Out After Missteps

Continued from Page One

leave after most members of the board refused to back him at a meeting that ran late into the Zurich evening, ending weeks of attempts by the bank to contain its latest crisis. A bank probe into Mr. Horta-Osório's travel found he had breached quarantine rules in England and Switzerland since starting at Credit Suisse, including to attend the Wimbledon tennis final in July.

The Portugal-born banker also used private aircraft hired by Credit Suisse to combine personal travel and work trips that made some on the board uncomfortable, according to people familiar with the matter.

A spokesman for Mr. Horta-Osório said the jet use was "in line with that of his predecessor in the role and actually similar to other senior colleagues in the bank. It was also never used without a business-related reason and this has been confirmed by an internal audit."

Some members of the board were concerned Mr. Horta-Osório was no longer credible with employees or customers to fix what had come to be seen as a broken culture at the bank around risk taking, the people familiar with the matter said.

The sudden departure adds to a nightmarish stretch for the bank. In February 2020, Chief Executive Tidjane Thiam was ousted by the bank's board for failing to contain the reputational fallout from a scandal that involved some staff being followed by private investigators. Then last year it was hit by twin crises, with the collapse of clients Greensill Capital and Archegos Capital Management.

Axel Lehmann, Mr. Horta-Osório's successor as chairman, who was appointed on Sunday, has been vetted by Switzerland's financial regulator, having joined Credit Suisse's board in October after working at rival UBS Group AG for more than a decade.

Mr. Lehmann is described by people who have worked with him as an archetypal Swiss professional, with a pleasant demeanor and tough interior. An attribute he brings to the role is a high-functioning relationship with Swiss regulators and other power brokers in the country, some of the people said.

In December, Mr. Horta-Osório apologized to board members—and publicly—for leaving Switzerland when he was supposed to be in quarantine after a trip to London. He said it was inadvertent. He also apologized to board members for using private aircraft hired by Credit Suisse to stop off for a vacation in the Maldives on the way back from a work trip, people familiar with the trip said. His stance was that the travel complied with company rules, according to some of the people.

The deterioration in some on the board's trust escalated after Reuters reported in late December on Mr. Horta-Osório's Wimbledon trip and quarantine breach, according to some of

CHRIS J. RATCLIFFE/BLOOMBERG NEWS

António Horta-Osório

the people. In the new year, the board's audit committee reviewed a report into his travel and the quarantine breaches, and Credit Suisse started preparing for Mr. Horta-Osório's possible departure, according to some of the people familiar with the matter.

Mr. Horta-Osório attended Wimbledon's tennis finals believing a waiver from England's quarantine rules had been arranged for him by Credit Suisse, his spokesman said. Mr. Horta-Osorio attended the tournament with members of his family and a bank adviser after Credit Suisse clients canceled, he said.

The timing of the missteps struck a nerve with many Credit Suisse employees, and the order-minded Swiss public. Swiss media compared Mr. Horta-Osório's conduct to that of U.K. Prime Minister Boris Johnson and tennis star Novak Djokovic, who fanned anger for appearing to be unfettered by national coronavirus restrictions.

Credit Suisse is an elite banking brand abroad, but at home in Switzerland has household and business customers of all sizes as the country's No. 2 bank by assets. Having the top person failing to comply with Swiss rules was seen as an unacceptable situation, according to some of the people familiar with the matter.

One of the people familiar with the matter said Mr. Horta-Osório attended Sunday's meeting hoping to be fully supported by the board, which includes recent appointments he made. The chairman resigned when it became apparent he didn't have enough support.

Mr. Horta-Osório was supposed to save Credit Suisse from being scandal-prone. He received a British knighthood for his last job turning around the U.K.'s Lloyds Banking Group PLC. People who have worked with him said he is exacting and takes his reputation seriously.

He agreed in late 2020 to join Credit Suisse as its chairman, a prestigious role in Switzerland for an institution that dates to 1856. A few weeks before his April 30 start date, Credit Suisse incurred a loss of more than $5 billion when Archegos, a family investment firm led by Bill Hwang, defaulted on large stock positions.

Mr. Horta-Osório sought to reset the risk button, shedding the bulk of Credit Suisse's unit servicing hedge funds and centralizing oversight at its main units. He exhorted employees to be more personally responsible and accountable for their actions, and, according to people familiar with the matter, put Chief Executive Thomas Gottstein and other top executives on notice to hit the top of their game or leave.

Handle Pacemaker With Care

Continued from Page One

cept for the pacemaker.

The doctor originally responsible for someday returning it to the manufacturer for proper disposal is no longer with Hahnemann—and the manufacturer is out of business anyway. The hospital has no remaining doctors to keep tabs on the patient.

Few if any nuclear-powered pacemakers have been implanted since the late-1980s, according to the Nuclear Regulatory Commission, but a few remain in people today. The devices usually look like small metal disks or squares and can fit in the palm of a hand.

"I've never had a problem with it, so I'm not going to touch it," said Laurie DiBari, who got hers more than 30 years ago at age 25 at Newark Beth Israel Medical Center in Newark, N.J.

Unlike the one belonging to the Hahnemann patient, her device is still working. The part-time school aide and grandmother said she gets it checked every three months from home through a transmitter affixed to a landline receiver that reads signals from bracelets placed on her moistened arms.

"They told me when I pass away it has to be returned," the New Jersey resident said. She said her doctor told her that government officials don't want the plutonium falling into the wrong hands because it could pose a security risk.

Nuclear pacemakers contain only a small amount of radioactive material and pose little risk to patients or people around them, said Duncan White, a senior health physicist with the NRC. The amount of radiation received from the pacemaker is less than that from a single dental X-ray, he said.

But the NRC doesn't want unmonitored material in the public domain and wants to ensure proper handling, storage and disposal, he said.

In 2020, the NRC fielded a call from a doctor asking how to dispose of a nuclear-powered pacemaker that, 42 years earlier, had been removed from his patient's deceased spouse. The NRC believes that the hospital cleaned it, engraved a name on it and presented it as a keepsake to the surviving spouse, who kept it for decades.

The engraving could have

SMITH COLLECTION/GADO/GETTY IMAGES

A pacemaker powered by plutonium-238 made by Medtronic in the early 1970s.

caused damage and released some of the radioactive material, Mr. White said, although in this case the spouse wasn't exposed to radiation, the NRC said. It was eventually disposed of properly by a company licensed to handle hazardous waste.

In other cases, morticians have removed them and put them aside for retrieval by a disposal team, or, on rare occasions, people have been buried with them, which Mr. White said was a last resort. In these cases, "out of respect to the family we decided to leave it there," he said. "The radioactive material is well sealed inside the pacemaker so it won't leak out, and is buried underground, where it won't be disturbed."

The Pennsylvania Department of Environmental Protection, which issued the license, says only three of its 780 radioactive material licensees involve nuclear pacemakers.

Hahnemann, a 496-bed facility widely known as Philadelphia's hospital for the poor and a historic medical teaching institution, was pushed into chapter 11 after a soured buyout by California investor Joel Freedman. There have been protests by doctors, city officials and community groups over its closing, and litigation continues as liquidators sift through its affairs and try to dig up money to repay its debts.

Hahnemann spent more than $15,000 over a six-month period to continue to meet the terms of the pacemaker license, a September court record shows. The patient follow-ups were being handled by Hahnemann's radiation safety officer, a consultant under contract.

The license requires maintaining regular contact with the patient, who the bankruptcy documents say is in good health today, and arranging for the pacemaker's removal and disposal after her death.

Lawyers working on the hospital's bankruptcy have sought guidance from the Los Alamos National Laboratory's Off-Site Source Recovery Program, which aims to retrieve radioactive material in sealed sources that could pose a risk to national security and public health. Over the years the group has dealt with more than 1,600 pacemakers.

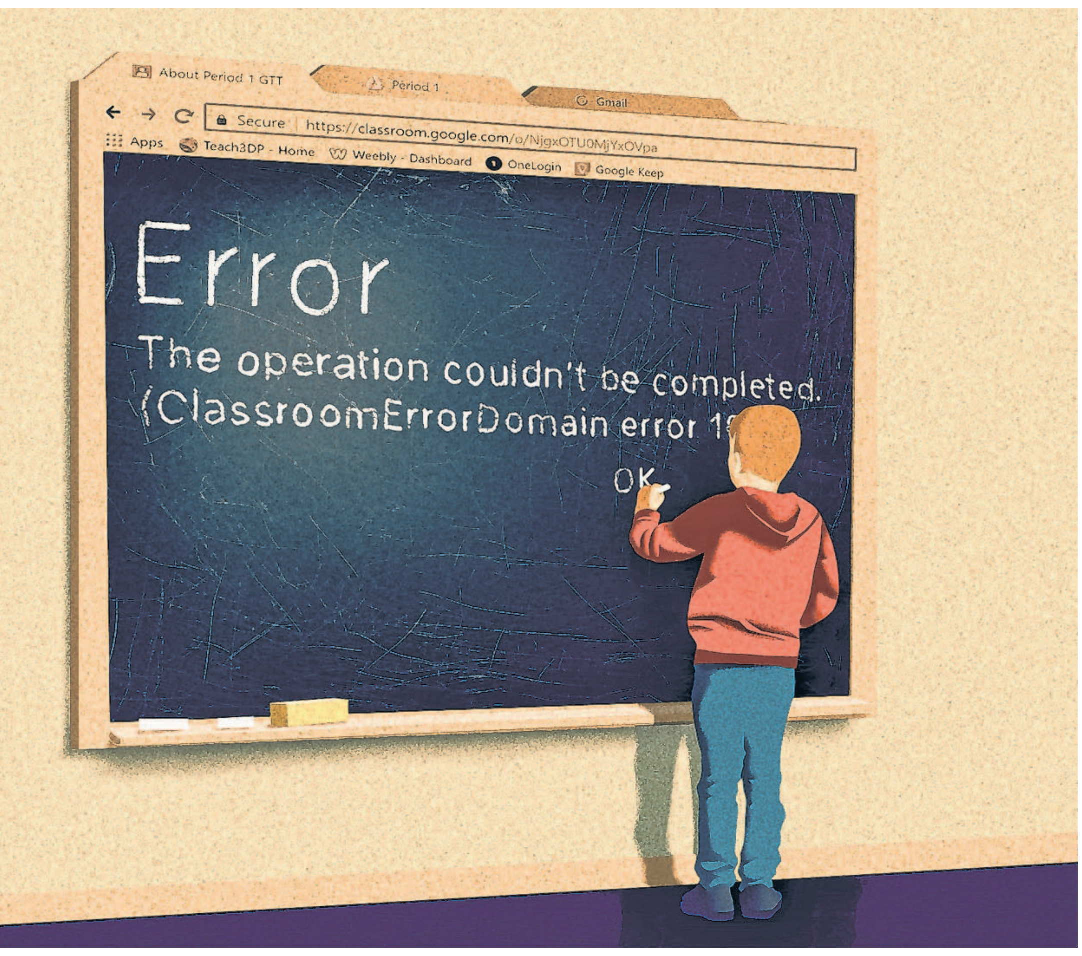
Most of the removals occurred roughly 20 years ago, but the Off-Site Source Recovery Program still receives requests to handle one or two pacemakers a year, said Justin Griffin, team leader for the recovery program. Materials are disposed of at Energy Department facilities.

In late September, Hahnemann had a breakthrough. It received approval from the bankruptcy court to transfer the pacemaker license and its related duties to Atlanta-based Perma-Fix Environmental Services Inc., a longstanding player in the business of handling radioactive waste. Hahnemann said Perma-Fix was both qualified and cost effective.

PERSONAL JOURNAL.

Better Learn To Live With Online School

Tools for remote learning are here to stay and can be trickier than pencil and paper



FROM TOP: ILLUSTRATION BY RIKI BLANCO; VICTOR ORTIZ

FAMILY & TECH
JULIE JARGON

The return to in-person school brought joy to parents and students alike, who were sick of dealing with Zoom calls, educational games, online homework and all the technical glitches that came with forcibly jamming education into the tabs of a web browser.

Yet when kids did make it back to classrooms, they discovered that many of those digital tools weren't going away.

Even when students are together in person, a teacher might start a lesson in Google Classroom or Canvas, which then splinters off to a half-dozen other websites for math quizzes, science videos or reading. For middle and high-school students, different teachers might have different approaches, adding to the confusion.

Sometimes students forget to submit their work, or leave a site before finishing an educational game, parents and teachers say. Other times the systems don't communicate with each other, resulting in assignments being marked as missing. Many students no longer turn in paper assignments at all, and instead are expected to make digital copies. Teachers' online gradebooks don't always sync with the digital classrooms, leaving students and parents fretting over failing grades and unsure about what work has been received.

Children of Jessica Ortiz. Ms. Ortiz says that teachers send schoolwork updates in different ways, if at all.

With some districts going back to remote instruction due to the surge in Covid cases, and with many other students in quarantine, digital classrooms have proven to be an ongoing necessity. Education experts say digital classrooms are here to stay and we all need to get used to them.

Bethany Dasko's ninth-grade daughter struggled with photographing art projects using her Chromebook's camera. At times, she either turned them in late, for partial credit, or just didn't submit them at all.

"The expectation is that they should be able to log in, see what needs to be done and do it," Ms. Dasko said. "These are kids, and they don't have the maturity to look at this big system and figure out how to break it down."

The reliance on tech has also led some parents to buy their kids phones sooner than they would have liked. The difficulty of taking photos of schoolwork on the Chromebook is one reason Ms. Dasko, a graphic designer in northeastern Washington, recently bought her daughter a phone.

"Teachers cite the same challenges—it's not just parents and students," said Heather Dowd, a former teacher turned instructional coaching consultant and co-author of "Classroom Management in the Digital Age."

She said she expects digital classrooms to become more streamlined and easier to use. Until then, many parents complain that tech problems are getting in the way of learning and wonder: What's so bad about paper and pencil, anyway?

Michelle McNally's eighth-grader has been struggling to keep track of each teacher's method for showing that work has been done. Some of his teachers require screenshots of physical work; others check students' computers to see that work has been completed.

"Is the goal to learn the system, or is the goal to learn the content?" said Ms. McNally, a digital marketing executive in Indianapolis.

Jessica Ortiz, of Vermilion, Ohio, said one of her sixth-grader's teachers sends parents an email each week to let them know what students should be working on, while another sends updates through an app.

Some don't communicate with parents at all.

Ms. Ortiz said she has little visibility into how her sixth-grader is doing in school now that her daughter does all of her work in class on a laptop. When she used to bring home graded papers, Ms. Ortiz said she could see which types of math problems gave her trouble and would print worksheets to help reinforce those skills.

Some of her daughter's grades aren't updated online often, so it's unclear to her whether a zero on an assignment means her daughter got the answers wrong or didn't turn it in, or it just hasn't been graded yet.

"She's kind of on her own now," Ms. Ortiz said.

HELP KIDS MANAGE THEIR ASSIGNMENTS

Parents can help manage kids' digital assignments by following a few organizational tips.

▶ **Develop a tracking system.** Ask your children how they like to organize their to-dos. Do they prefer note-taking apps and timers instead of paper notes? Some schools give students a calendar in which to write down homework assignments each day. If yours doesn't, create your own. You also can sit down with your child and make a paper or electronic list of the sites where each teacher posts assignments.

▶ **Teach self-advocacy.** Parents say kids often won't speak up when they run into a tech problem. They could use some encouragement in asking for help or composing an email to a teacher. "Rather than assuming your child knows how to ask their teacher for something, role-play some scenarios with your child," says Heather Dowd, an instructional coaching consultant.

▶ **Have backup plans.** It's helpful to remind students why they shouldn't wait until the last minute to turn in work, Ms. Dowd said, and to prepare them for that scenario. What if your home internet goes down the night the assignment is due? Is there somewhere else they can go to access the internet? What happens if they leave their laptop at school? Do they know how to log in from another device?

Ten Forecasts for 2022

Product shortages, the environment, self-care are among top concerns

By Ann-Marie Alcántara

Consumers will evolve past being simply frugal this year by becoming more aware of their spending behaviors and looking for alternatives to buy goods in less traditional ways, said market research firm Euromonitor International.

The company's annual trend report forecasts what consumers will value in the coming year and how companies should adapt.

Here are Euromonitor's predictions for 2022 consumer trends:

Supply-chain workarounds
Product shortages and disruptions have spurred consumers to use subscription services or buy secondhand to find what they want. Companies need to adapt by offering alternatives to items, said Alison Angus, head of lifestyles research at Euromonitor. Virtual queue systems present an opportunity for shoppers to get a place in line and hope they receive a product, the research firm said. Offering rental or refurbished products is another chance to keep that customer's loyalty as does enticing them with exclusive or presale items.

Environmental impact
People are looking to cut back on food waste, reduce their plastic use and recycle more. About 67% of consumers surveyed by Euromonitor stated that they tried to do something every day to have a beneficial impact on the environment. Climate change and sustainability are trends that continue to evolve from previous years, but in 2022, younger consumers will have more of an impact on their peers, parents and grandparents.

Digital seniors
The pandemic forced many people to adjust their behaviors, such as shopping for groceries online for the first time. That trend was especially popular among seniors. Now, this group of consumers wants to continue their digital use and companies should respond accordingly by offering training, support and making products that are easy to use, the research firm said. That may mean making an app or website function the same across all types of devices such as a laptop or smartphone, Ms. Angus said.

Financial awareness
The pandemic's instability caused many consumers to become more aware of their finances, as well as experiment with investing and trying out cryptocurrencies, the firm said. Companies should offer ways to educate consumers about their financial services or make products more accessible, such as lowering fees, Ms. Angus said.

Cementing priorities
Thirty-four percent of people in the latest survey preferred to spend money on experiences as opposed to products in 2021, compared with 27% in 2015. Companies need to address the change by becoming flexible to what consumers want, whether they are still working or looking for a new job opportunity. "Last year, we were talking about consumers rethinking their priorities and what their life wants to be like," Ms. Angus said. "This year...they're actually making the changes."

PHOTO ILLUSTRATION BY ELENA SCOTT/THE WALL STREET JOURNAL, ISTOCK (5)

Metaverse gets real
Consumers who were forced to conduct their lives online via video chats are now changing their behavior to engage with digital worlds and communities, Ms. Angus said. Virtual concerts, sales of nonfungible tokens and dressing avatars are behaviors that consumers are tapping into, and some companies are meeting them there, the research firm said. "Any business can't afford not to be thinking about this," Ms. Angus said.

Fresh look of secondhand
Buying items secondhand is no longer stigmatized. It has become a sought-after option for consumers who want to have unique items or are shopping on a budget. Options such as gift cards or buyback programs that promote secondhand shopping behaviors from consumers are winning them over. Companies should meet this demand by addressing consumers who want to bring in older versions of items and receive a voucher or repair them in-store, Ms. Angus said.

Proximity is a plus
People who stayed in cities and didn't flee to the suburbs during the pandemic now want some of the advantages of living outside a city, such as having access to green spaces. Other people want more services closer to their homes, with many still working from home, the research firm said. Companies should aim to bring shops and services closer to them that don't require a train or car ride. "Making everything accessible to consumers within 15 minutes," Ms. Angus said.

Indulgences and self-care
Fifty-six percent of consumers expect to be happier in the next five years, the firm found. To reach that nirvana, people are buying products that help their mind and body, such as cannabis products or meditation courses. Personalized shopping experiences that can predict a consumer's needs will become a key component in reaching these people, Ms. Angus said.

Split on socialization
As the pandemic continues, consumers are becoming fragmented: those who want to go back to their normal lives and engage in social activities, and those who remain cautious. This means hybrid possibilities, such as digital visits or waiving cancellation fees, can address the needs of different consumers, the firm said. Products and services need to become multifaceted and seamless to serve this split consumer base.

PERSONAL TECHNOLOGY
NICOLE NGUYEN

How to Fix Your Password Problem

Fast, free versions of managers greatly improve your protection against hackers

PHOTO ILLUSTRATION BY CHAYA HOWELL/THE WALL STREET JOURNAL, ISTOCK

Some of my old usernames and passwords are floating around the internet, and maybe yours are, too.

After repeated notices of data breaches at websites, some I haven't visited in years, I decided to get serious and use a password manager to create unique, unguessable passwords for each of my accounts. They're so complex I don't know what most of them are.

To find out if your credentials are exposed, plug your email address into Haveibeenpwned.com, a website by security expert Troy Hunt, to reveal which breaches contained your data. It doesn't ask for your passwords (and you shouldn't give them out to random sites anyway!).

Hackers commonly employ an attack called "credential stuffing": They take usernames and passwords leaked from one breach and enter them at other sites in the hope that people reused them.

This is why security experts always say don't reuse passwords, especially those for important logins like your bank, your email and your work accounts. But it also means you'll quickly end up with more passwords than you can remember.

A full-featured password manager is a good idea, but setting one up can be time-consuming, intimidating and sometimes costly. As someone who has gone through the process for myself and several family members, I am recommending cybersecurity newbies start with the fast, free versions baked into the smartphones and browsers they already use.

The Best Password Manager for You

A good password manager:

- Creates strong passwords
- Stores login credentials
- Autofills usernames and passwords
- Protects your data
- Lets you export credentials if you want to switch managers

> Software baked into your phone can create unguessable passwords.

I generally recommend independent services such as Dashlane and 1Password, because those apps work better across different platforms and have more features. However, a good fit for less tech-savvy folks are Apple's iCloud Keychain and Google's Password Manager. They are free, there's nothing to download, and they are integrated with software people already use. Plus, they can generate new passwords and send alerts when a password has been compromised.

Even Gary Orenstein, chief customer officer at the open-source password app Bitwarden, agrees: "Using any password manager is better than not using a password manager."

Just remember, iCloud Keychain is for people who live mostly in Apple's ecosystem, and Google's Password Manager is for people who use Chrome or Android for most of their internet activity.

If you aren't squarely in one of these camps, you might need a third-party app. Bitwarden is a solid free option that works across different platforms, while 1Password and Dashlane, which have monthly subscriptions, are good for families and people who need more features, such as secure password sharing.

Once you've set your system up, change the passwords to a few of your web and app logins first, then try using the manager across different devices, just to get the hang of it. If you're using a built-in system, your device's passcode protects your credentials, so don't pick an easily guessed passcode like 1111. Here's how to get started:

Apple's iCloud Keychain

Where you find it: iOS/iPadOS apps, Mac apps, Safari for web and mobile, Chrome for Windows

How to enable: Turn on iCloud Keychain in your Mac's System Preferences if you haven't already. Click Apple ID, then iCloud, and select Keychain. Then, on your iPhone or iPad, go to Settings, tap your name, iCloud, then Keychain. If you use a Windows computer, download the iCloud Passwords for Chrome extension.

When you create a new account or reset the password for an existing one, Keychain will automatically ask to generate a strong password and save your login information for that website. The next time you visit the website, those credentials will be autofilled for you.

Whenever you type in an existing password, Keychain will offer to save those passwords, too.

Consider turning on biometric authentication for password autofill, so you don't have to type in your computer's password or phone's PIN every time. On a Mac, go to System Preferences, then Touch ID. On an iPhone, go to Settings, then Face ID & Passcode.

Find your passwords: Want to look up a stored password? On a Mac, open Safari's preferences, then select Passwords. On an iPhone, in the Settings app, scroll down and tap Passwords.

How to export: On your Mac, go to Safari and open Preferences. Click Passwords. At the bottom of the password list, click on the three dots and select Export Passwords.

Google's Password Manager

Where you find it: Android, iOS (with the Chrome app), Chrome for web and mobile

How to enable: In the Chrome browser's address bar, go to chrome://settings/passwords and enable Offer to save passwords. On Android or iOS, open the Chrome app, tap the three-dots icon, go to Settings then Passwords, and turn on Save passwords. When you create a new account or reset the password for an existing one, the browser will suggest a strong password and save it for you.

The easiest way to add existing passwords is to visit a website and type in your username and password—Chrome will offer to save those, too.

If you use iOS, Google can fill saved passwords in other apps as long as you have the Chrome app installed. Go to the Settings apps, select Passwords, click on AutoFill Passwords and select Allow Filing From Google Chrome.

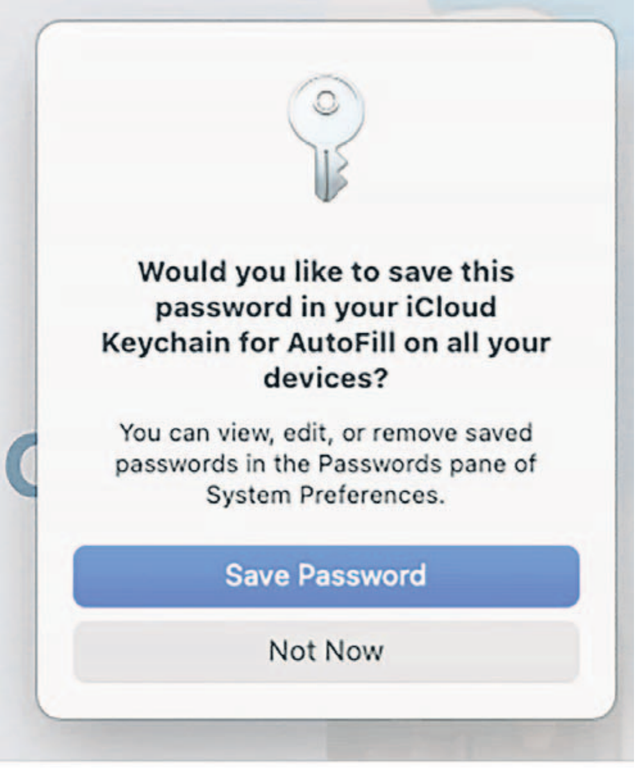
Find your passwords: If you need to access your passwords manually, open a new tab and go to chrome://settings/passwords or passwords.google.com to copy and paste the password manually.

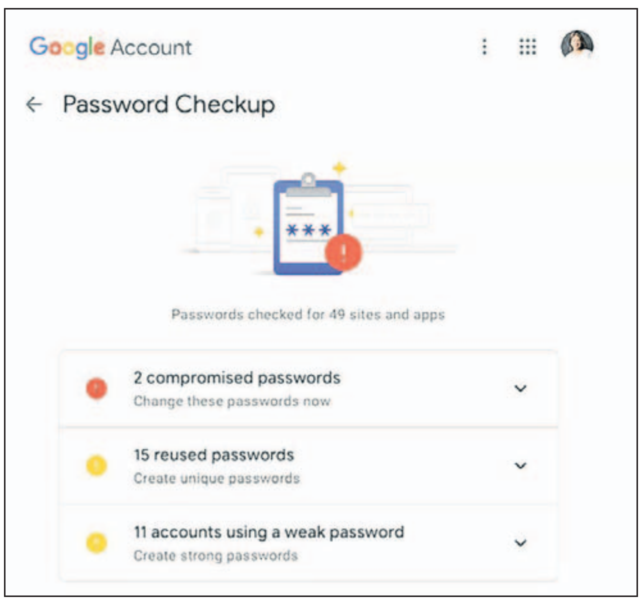
How to export: Go to passwords.google.com, click the Settings gear and select Export passwords.

Independent Password Managers

If you're going to use an independent service, I have two pieces of general advice:

- Download the manager's app or extension on every device and browser you use.
- Take the time to craft a strong master password.





Google's Password Manager includes a tool that scans your logins for compromised, reused and weak passwords.

If you're using an independent manager, you'll only need to remember one password, which you won't have to change unless you think it has leaked somehow. Master passwords are private keys that are known only to you—not even the company knows it.

Pick a password that's at least 12 characters long with numbers, capital and lowercase letters and symbols. It helps if it's based on a meaningful phrase. If your favorite song is Queen's "I Want To Break Free," that could become "i Want 2BF by QueeN!"

You can also make your phrase simpler but longer: "Oh how I want to be free, oh how I want to break free!" Password length is more important than complexity, because longer passwords are harder to decrypt, says Jameeka Green Aaron, chief information security officer at customer-authentication company Auth0.

It's important to note that your master password can't be recovered or reset, so you might want to write it down on paper and store it somewhere safe but accessible.

Don't Forget Two-Factor Authentication

No matter how you plan to strengthen your password game, you need to turn on two-factor authentication, also known as 2FA, in all the internet accounts that offer it. This protection requires an additional code or validation sent to another device—a text message or a popup phone notification, for instance—upon login.

It should be turned on for every account that supports it. It's extra secure because even if hackers obtained your password, it's unlikely they'd have the verification code needed for access.

Often, 2FA is sent via text message, though security experts caution that even your phone number can be spoofed if someone really wants to steal your stuff. Many accounts now support an authenticator app, which can be safer, and also works without any network connectivity. Google Authenticator is a popular one. I prefer Authy because it syncs codes across several devices, which helps if you lose one.

MUSIC REVIEW | MARK RICHARDSON

'Sick!': A Cure for Processed Music

The Los Angeles rapper's introspective rhyming is the centerpiece of a tightly crafted new offering

DEROS ANDERS/AFTONBLADET/TT/ZUMA PRESS

'Sick!,' out now, is the new album by Earl Sweatshirt.

Few artists have origin stories as strange as Earl Sweatshirt's. The Los Angeles rapper, born Thebe Kgositsile in 1994, first made his name in 2010 with "Earl," a mixtape released after he'd joined Odd Future, the sprawling hip-hop/multimedia collective that included later stars like Tyler, the Creator and Frank Ocean. Though most members of the group were teenagers, Earl was the kid of the cohort—he was just 16 years old when that debut dropped—and he was clearly the most proficient rapper, with a dense and tangled style heavy on internal rhymes and playfully grisly imagery.

The free release circulated widely on the internet, powered by the wild growth of social media, and Earl, almost instantly, developed a cult audience astonished by his surreal wordplay and virtuosic rhyming ability. But as Odd Future became an underground and then a mainstream phenomenon, he was nowhere to be found, and for a while, absent definitive information, rumors and conspiracy theories spread. In early 2011, news broke that Earl's mother, troubled by her son's behavioral problems, had enrolled him in a boarding school in Samoa.

Earl's professional career started shortly after his return to the U.S., around the time he turned 18, and there's been a shroud of mystery around him ever since. That has more to do with his vocal style and musical interests than with his persona—in interviews and appearances, he comes across as thoughtful and grounded, but his music has often been inscrutable and hard to pin down. He established himself as a critic's favorite with releases including "Doris" (2013) and "Some Rap Songs" (2018), and he continues that hot streak with his taut and potent fourth studio album, "Sick!" (Tan Cressida/Warner), out now.

The album's title can be understood in three ways. These songs were written and recorded during the Covid-19 pandemic, and the murky sonics and gloomy poetry capture the era's sense of dread. "The cost of living high, don't cross the picket line and get the virus," he offers early on the opening track, "Old Friend." But while the world is ailing, so is Earl himself—in an interview earlier this month with Entertainment Weekly, he said he's grappled with alcohol addiction, and the record is filled with asides about disorientation and intoxication. And of course "sick!" is a common youth expression when encountering something overwhelmingly cool, and those moments are here, too, when Earl takes time to describe what inspires him and keeps him going. He has a rare ability for crafting fresh imagery that stops you in your tracks and makes you see things in a new way. Take that opening track where he seemingly mixes images of a defiled world with gratitude for his capacity to transform it through art: "Slick oil in a fish gill / I fill a void with the pen, feel the fear, shrill."

More than a half-dozen producers contribute to "Sick!"—most notably busy veteran the Alchemist—but the music is of a piece. The grooves are faded and woozy, with samples of tinkling pianos and strings smashed into noisy drum loops. And the tracks are short—the album's 10 cuts last just 24 minutes—without bridges or choruses. The beats exist to establish a setting and a mood for Earl's thoughts, which are alternately vivid and enigmatic. And given its subject matter, "Sick!" is the perfect length—if it were longer, it might have become too claustrophobic.

> Earl Sweatshirt's latest record has a potent lyricism and a 'first take' aesthetic.

In a time where rap voices are often subjected to various kinds of processing, Earl is an exception: He always sounds like a lone guy in an empty room telling you how he feels without worrying about getting everything perfect. It's a very "first take" aesthetic that suits the introspective nature of his rhyming, as if we're hearing his observations unfiltered at the moment he lands on them. He tends to pack syllables together early in a line and then extend them at the end, stretching out vowels so that each thought feels like an exhalation. And Earl's technical mastery of the rap form means he can get away with couplets that don't rhyme when that fits the song. Late in the album, on "God Laughs," he describes hacking his way through the wilderness of despair, and he makes you feel the physical reality of his struggle: "In the middle of the marsh where mosquitoes chomp ankles, swamp / Marching on the quest for my lost halo."

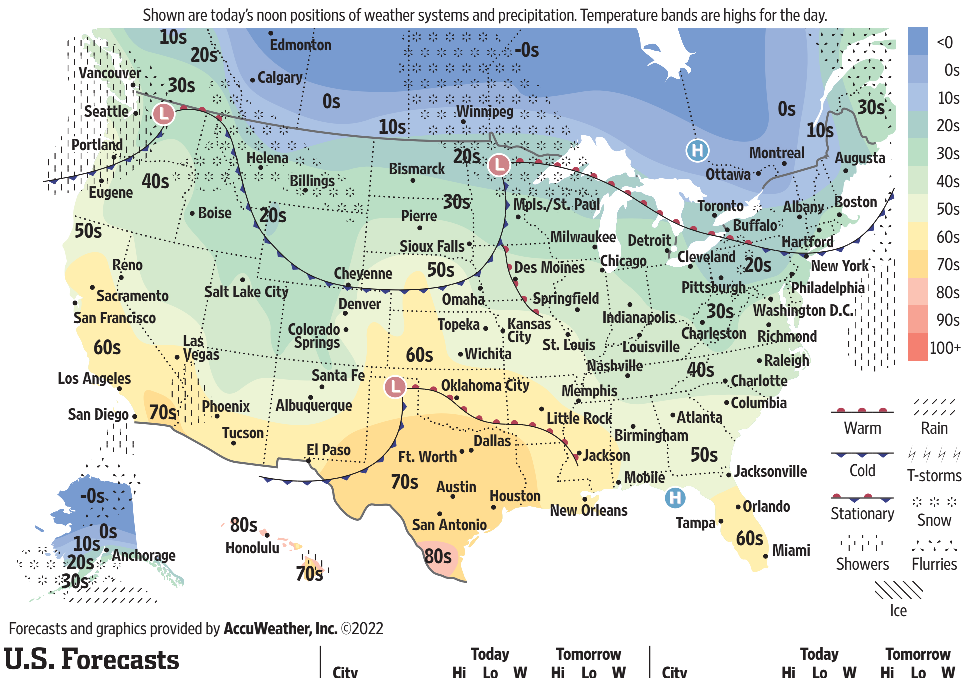
Amid observations about personal growth and wrestling with his own demons, Earl keeps circling back to the power of the word, taking solace in the act of expression when life is at its most troubling. On early single "Tabula Rasa," a collaboration with New York hip-hop duo Armand Hammer, he shares what making music means to him, how the battle to separate signal from noise nourishes him: "I have to write to find balance / This game of telephone massive / I do what I have to with the fragments." Creating art is a spiritual pursuit, in other words, something that can save us during the hardest times. "Sick!"—a challenging album that rewards careful listening—is this idea put into action.

Mr. Richardson is the Journal's rock and pop music critic. Follow him on Twitter @MarkRichardson.

Weather

AccuWeather | Discover our app

Shown are today's noon positions of weather systems and precipitation. Temperature bands are highs for the day.



Forecasts and graphics provided by AccuWeather, Inc. ©2022

U.S. Forecasts

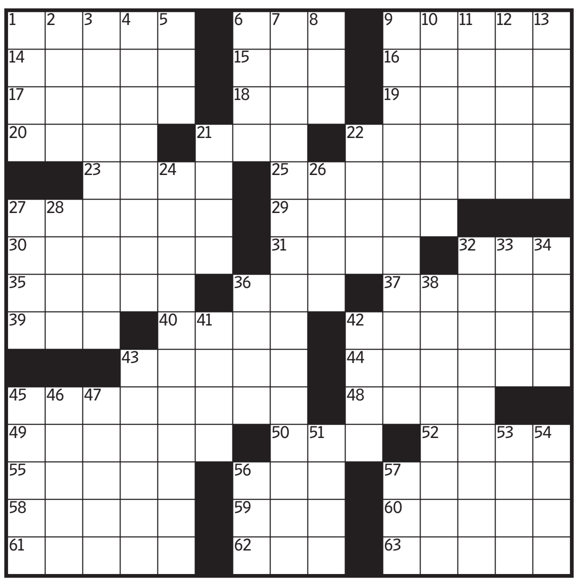
s...sunny; pc... partly cloudy; c...cloudy; sh...showers; t...t'storms; r...rain; sf...snow flurries; sn...snow; i...ice

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Anchorage	21	19	sf	22	16	pc
Atlanta	53	36	s	58	46	c
Austin	74	55	s	74	34	c
Baltimore	39	25	s	49	35	c
Boise	36	24	pc	39	24	c
Boston	30	17	s	42	31	c
Burlington	15	-3	pc	35	20	sn
Charlotte	45	29	s	53	41	pc
Chicago	40	24	c	25	7	pc
Cleveland	31	29	pc	38	16	c
Dallas	73	53	s	56	25	s
Denver	54	22	c	32	18	c
Detroit	33	29	c	37	13	sf
Honolulu	80	67	s	81	66	s
Houston	75	61	pc	77	46	t
Indianapolis	43	36	c	39	12	c
Kansas City	50	22	pc	22	6	pc
Las Vegas	60	43	pc	64	43	s
Little Rock	63	50	pc	57	23	r
Los Angeles	64	53	c	66	50	pc
Miami	68	56	s	74	66	s
Milwaukee	38	20	c	21	4	pc
Minneapolis	35	-1	pc	5	-11	pc
Nashville	49	42	pc	52	22	r
New Orleans	66	54	pc	74	54	c
New York City	35	28	pc	45	34	c
Oklahoma City	64	31	pc	37	16	pc
Omaha	44	12	s	16	-3	s
Orlando	63	45	s	73	52	pc
Philadelphia	38	28	s	48	34	c
Phoenix	66	49	pc	67	49	pc
Pittsburgh	29	26	c	41	14	c
Portland, Maine	24	5	pc	31	29	sn
Portland, Ore.	50	42	sh	48	47	r
Sacramento	59	39	pc	59	39	pc
St. Louis	53	33	pc	34	9	c
Salt Lake City	40	26	c	43	27	c
San Francisco	54	47	pc	57	46	pc
Santa Fe	51	28	pc	48	25	pc
Seattle	49	43	sh	49	45	r
Sioux Falls	46	-1	c	8	-8	s
Wash., D.C.	40	29	s	47	36	c

International

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Amsterdam	46	36	sh	44	35	r
Athens	54	40	s	49	40	pc
Baghdad	53	29	pc	55	40	pc
Bangkok	91	74	pc	90	74	pc
Beijing	35	14	pc	30	12	s
Berlin	41	35	c	40	29	c
Brussels	44	33	sh	41	34	sh
Buenos Aires	75	72	c	79	73	t
Dubai	80	69	s	75	68	pc
Dublin	49	44	c	46	34	pc
Edinburgh	47	42	c	46	29	s
Frankfurt	44	30	c	38	33	c
Geneva	41	31	pc	45	34	pc
Havana	73	55	s	79	62	s
Hong Kong	68	60	pc	70	61	pc
Istanbul	44	35	pc	39	33	pc
Jakarta	85	74	t	86	75	t
Jerusalem	44	35	s	40	32	sh
Johannesburg	73	60	sh	77	57	t
London	45	38	c	48	33	r
Madrid	54	25	s	54	29	s
Manila	87	74	pc	88	76	pc
Melbourne	70	58	pc	81	58	s
Mexico City	69	46	pc	71	45	s
Milan	48	28	s	44	27	pc
Moscow	26	11	sn	15	9	pc
Mumbai	87	71	s	87	71	s
Paris	46	32	c	42	34	sh
Rio de Janeiro	89	77	s	88	77	s
Riyadh	59	49	c	60	49	c
Rome	56	37	s	55	47	pc
San Juan	84	72	pc	84	73	pc
Seoul	31	15	s	30	11	sn
Shanghai	54	39	s	57	37	s
Singapore	85	75	c	85	75	sh
Sydney	75	68	t	74	67	sh
Taipei City	64	61	r	65	60	r
Tokyo	46	36	s	45	35	c
Toronto	22	18	pc	37	6	sn
Vancouver	44	39	sh	45	42	r
Warsaw	36	28	sf	38	32	c
Zurich	41	28	pc	41	32	pc

The WSJ Daily Crossword | Edited by Mike Shenk



CAMERA ANGLES | By Gary Cee

Across

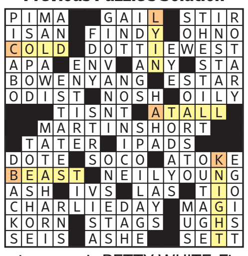
1 Opera's Frederica von Stade, e.g.
6 Home for a hog
9 Fruits from palms
14 "That's ___ off my mind"
15 Is for you?
16 "You get a car, and you get a car!" speaker
17 Weavers' contraptions
18 Big tub
19 Capital of Tibet
20 Roost for a raven
21 Winter mo.
22 Did a deli job
23 Where Lola was a showgirl, in a song
25 Long-horned grasshoppers
27 "Liliom" playwright Ferenc
29 Stack-serving restaurants
30 Broadway legend Stritch
31 County with many vintners
32 Rap mogul, to friends
35 Thompson of "Westworld"
36 Moscow-based spy org.
37 Second airing
39 Panicked transmission
40 Diner on TV's "Alice"
42 Maximally
43 Attempt to discredit
44 Barrel builder
45 Wide view
48 Pantry pests
49 Insert, as a movie scene
50 "That's YOUR business!"
52 "If ___ my druthers..."
55 Quite harmful
56 Quiche, essentially
57 Place for l'éducation
58 Sports spot
59 Feverish
60 Boarded
61 Acted the usher
62 Any number divided by itself
63 Commencement

Down

1 Buyer be where?
2 "The Time Machine" race
3 Computer training?
4 Ice machines?
5 Needs Narcan, for short
6 Reliever's objective
7 Spacecraft observation base
8 Still
9 Singer with a theme park
10 Rose garden pests
11 R&B singer Braxton
12 Made less strenuous
13 Subfamily of herrings
21 "Go ahead, make my day," e.g.
22 Bring to a close
24 First to fly the Boeing 707
26 Pequod captain
27 Citi Field team
28 Margarine
32 Tricky tennis returns, and a hint to the starts of 3-, 7-, 9- and 24-Down
33 Duplicitous scheme
34 ___'acte
36 Model Heidi
38 :-I, for example
41 Israel's Abba
42 Health drink berry
43 Twisty pasta
45 Bit of potpourri
46 Love to pieces
47 Vetoed
51 Dole (out)
53 Ointment ingredient
54 Car scar
56 Aromatic Asian soup
57 Sense of self

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

Previous Puzzle's Solution



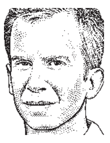
The contest answer is BETTY WHITE. Five grid answers are opposites of the five theme answers' surnames with an added first letter: WEST▶**B**EAST; YANG▶**L**YIN; SHORT▶**A**T ALL; YOUNG▶**C**OLD; DAY▶**K**NIGHT. The first letters of those spell BLACK; use the theme trick once more to get WHITE, suggesting the contest answer, who would have turned 100 on January 17th.

SPORTS

JASON GAY

A Goofy Ending for Cowboys Caps Wild-Card Weekend

It was an underwhelming slate of NFL games, but the Bills and Bengals emerged as teams to watch



Did you watch the final minutes of the Cowboys-Niners playoff on Sunday? I'm not quite sure what I saw. I wouldn't call it great football. I'm not sure I would even call it football. It was a lot of downtime: whistles, penalties, reviews, slow-motion, time outs, and ultimately, a game official careening into the backside of the Cowboys quarterback as time expired and a winnable game for Dallas slipping away.

"Not football" is what NFL football often is, of course. This newspaper helped popularize the knowledge that an average professional football game contains very little actual action—10 minutes, 43 seconds was the determination a decade or so ago. The rest is fill, the Styrofoam peanuts in between: commercials, replays, coaching, huddling, officials mulling, Tony Romo fretting, Jim Nantz Jim Nantzing.

If you think about it, football is basically organized hanging out with occasional flashes of athleticism.

The Cowboys-Niners game was mostly a screwball comedy. Neither team seemed terribly invested in winning—San Francisco leapt to an early lead, but seemed determined to forklift it back to Dallas, and Dallas was determined as ever to give team owner Jerry Jones another sleepless winter in his Jerry Jones jammies.

The final play of the Cowboys season was a risky run up the middle by quarterback Dak Prescott with no timeouts—it wasn't designed to be the final play, but it wound up being so, since the game official couldn't catch up and set the ball in order to allow the Cowboys to convert another play.

Some folks tried blaming it on a slow official, but come on. It's on Dallas to understand situations and manage the clock, not on an official to be Usain Bolt. San Francisco prevailed, 23-17.

For the Niners, it's a bit of an exorcism: Another game they nearly coughed up, but this time managed to pull off in the end. For Dallas, it's more...Dallasness, another lowlight for a talented but maddeningly underachieving franchise that continues to spin out in the playoffs. To not even get a shot to win a very winnable game, because of self-inflicted bungling? Yikes. They'll have lots more downtime in Texas now.

* * *

At least the Cowboys-Niners game was competitive. Much less could be said about the NFL's opening playoff weekend, its first since extending the regular season to a wheezy 17 games and adding an extra team per conference to the postseason, a decision that now looks like adding a bike rack to the top of a tuna fish.

Ahead of Monday's Rams-Cardinals game, the action on Saturday and Sunday was mostly routs. Kansas City thumped the Steelers 42-21. Tampa Bay squished the Eagles, 31-15. Buffalo trounced the Grumpy Lobster Boat Captain's Patriots, 47-17, in a Catharsis Bowl for Bills Lovers and Pats Loathers.

But Buffalo's catharsis is nothing compared with the catharsis for Bengals fans. Until Saturday's 26-19 win over the Las Vegas Raiders, Cincinnati had not won a playoff game in 31 years. You could call Bengals fans "long suffering," but it's easier to simply call them "Bengals fans." It's really been that bad.

No more. The Bengals have earned the designation as the Fun Playoff Team. Second-year quarterback Joe Burrow and rookie wide receiver Ja'Marr Chase are perhaps the most exciting tandem in the league, and there's an improbable swagger to this historically tormented team. They'll face top seed Tennessee, which hopes to return star running back Derrick Henry from foot surgery next weekend.

It's late January and you're fired up to watch Bengals football. Never say never, my friends.

* * *

The Australian Open has begun playing tennis—yes, the Australian Open is actually also a sports tournament, not merely an international soap opera turned hot button of the vaccine-slash-culture wars.

It will do so without defending men's singles champion Novak Djokovic, who was sent away by Australia after an extended courtroom drama and raging public debate. Djokovic, who has expressed his desire to not be vaccinated against Covid-19, and was given a medical exemption by the vaccine-requiring tournament prior to his arrival, couldn't sufficiently satisfy border officials, and after a dramatic legal back and forth, he was told to leave, and did.

The whole thing is a mess. Nobody looks great—not Djokovic, who undermined his case with paperwork errors and public appearances after testing positive for Covid-19 in December, and not the tournament, which was clearly not on the same page with its government, or prepared for the blowback from a nation navigating strict vaccine edicts.

Now French officials have come forward to say that unless the pandemic conditions improve and warrant a change to the rules, Djokovic will be required to be vaccinated in order to play the French Open, which he also won last year.

As for what it does to Djokovic's legacy—it doesn't help. There has been the suggestion that this could sabotage Djokovic's quest to collect the most men's singles majors. I think it's far too early to declare that, given the shifting conditions of the pandemic, and Djokovic's relative youth (34) and fitness. If he plays, he wins, and often.

It's unclear how much his career will be defined by these past two weeks. There's a section of the public rallying around Djokovic as a kind of freedom fighter against government-medical overreach, but is that the mantle he's seeking? He's a tennis player, possibly the very best ever, and pushing past Roger Federer and Rafael Nadal in the majors count will solidify his all-time position.

This? I don't think Novak Djokovic, who has always been eager for the love of tennis fans, was looking for this.

ROGER STEINMAN/ASSOCIATED PRESS

Dallas Cowboys quarterback Dak Prescott reacts after the final whistle of a 23-17 loss to the San Francisco 49ers.

They Opted Out of College Football—and Thrived

BY ANDREW BEATON

When this NFL season began, it had been nearly two years since Cincinnati Bengals rookie wide receiver Ja'Marr Chase had played a football game.

Covid-19 hit in 2020. Dozens of NFL players gave up millions of dollars by choosing not to play during the throes of a pandemic. So did some unpaid college football players. Chase was one of them.

It was already clear Chase was phenomenally gifted. It was less clear to onlookers how successfully Chase and others like him would transition to professional football after skipping an entire college-football season.

Now the regular season is over, the playoffs are under way, and the early verdict indicates the opt-outs aren't the same as they would be without that extra year of college football. They may be even better.

"It's just ideal," says Gary Scheffler, who has trained Chase since the eighth grade. "Everything and every decision that Ja'Marr Chase and his family has made along the way has been done strategically, and it's been done perfectly."

Chase, who led the Bengals with 116 receiving yards in their playoff win against the Las Vegas Raiders on Saturday, is the favorite to win offensive rookie of the year. Micah Parsons, a do-it-all weapon for the Dallas Cowboys, was voted to the All-Pro team and will likely win defensive rookie of the year after foregoing his last college season. They have emerged as two of the brightest young stars in the sport after the unprecedented circumstances of a pandemic put a growing trend into hyperdrive.

Players have opted out of bowl games at the end of the season for several years. It wasn't hard to figure out why. They weren't getting paid, they risked injury and they felt they had little left to prove to NFL teams before the draft. This season's college football national championship was yet another cautionary tale, when Alabama wide receiver Jameson Williams, a potential first-round pick, went down with a gruesome knee injury.

The Covid opt-outs got a monthslong head start. They began the pre-draft training process, which typically begins around January, in September. And while the trainers who worked with them for those months don't recommend that college football players start giving up entire seasons en masse, they also said players like Chase and Parsons were perfectly positioned to reap benefits from doing just that.

They had already proven how good they were. They didn't need to chance getting hurt in a game. And when a novel virus spurred them to opt out, they learned they could get ready to play—and thrive immediately—in the NFL without yet another season in college.

"You're able to strengthen and condition your body without the wear and tear of getting banged up," said Nathaniel Nunnery, who worked with Chase at NXT Training in New Orleans.

Chase went to LSU, and the last time Chase had played for the Tigers he made it obvious that he would be a top pick in the draft some day. That was when he left a confetti-littered field after catching nine passes for 221 yards and two touchdowns in LSU's national championship win to wrap up the 2019 season. His LSU quarterback, who went No. 1 in the draft months later, also turned out to be his quarterback with the Bengals: Joe Burrow.

But Chase had to wait another year to be draft eligible.

Before the first round of the 2021 NFL draft was even halfway done, it was clear NFL teams weren't particularly worried about using their most prized picks on players who were a year removed from playing competitive football. Chase went No. 5. The Cowboys plucked Parsons at No. 12.

Although Parsons's Cowboys lost in the NFC wild-card round to the 49ers, he enjoyed a splendid rookie season. Only two players this season had more tackles for a loss than Parsons, who added 13 sacks.

Chase, meanwhile, finished fourth in the league with 1,455 receiving yards and third with 13 receiving touchdowns. The same quarterback-receiver combination that took LSU to a national championship—Burrow and Chase—has emerged as one of the most potent in the NFL and why the Bengals are threats to win the Super Bowl.

AJ MAST/ASSOCIATED PRESS

Ja'Marr Chase finished fourth in the NFL with 1,455 receiving yards this season.

Djokovic's Slam Chase Is Put On Hold

BY JOSHUA ROBINSON

When Novak Djokovic boarded a flight from Melbourne, Australia to Dubai on Sunday night, he put an end to the strangest trip of his nearly two decades as a professional tennis player.

But the past two weeks have made it clear that the cost of remaining unvaccinated is still rising for Djokovic's career and legacy—and could undercut his effort to wind up with more major titles to his name than any man in history.

Djokovic had flown halfway across the world and not played a single match, all because he believed he had secured an exemption to Australian rules requiring travelers to be vaccinated. Instead, he spent an entire night explaining himself to border officials who canceled his visa, moved into government detention for almost a week, and twice had lawyers plead his case to remain in Australia.

Once a three-judge panel found against him, Djokovic had no choice but to fly home. Yet while this bizarre saga is over, the impact for Djokovic is only beginning.

Rules around international travel and attending major events are showing no sign of loosening in the near future. And Djokovic, who has previously said that he was against vaccine mandates for tournaments, can't afford to skip many majors in his pursuit of history.

Following Djokovic's expulsion from Australia, France's sports minister, Roxana Maracineanu, confirmed another obstacle for him once the calendar turns to Roland-Garros. All athletes hoping to travel to France will need to be vaccinated unless the pandemic situation changes substantially, she said.

Djokovic, 34, is tied with Roger Federer and Rafael Nadal with a record 20 Grand Slam men's titles. His comparative youth and current form made him the favorite to take the lead as early as this month. Djokovic has won the Australian Open nine times, more than any other tournament, and was the favorite to take a 10th. It would have been Slam No. 21 overall.

Now, his chase is on hold. The visa fiasco means that Djokovic could be banned from Australia for three years, potentially costing him up to four Australian Open titles including the one this month.

His trips to the other majors on the calendar could soon turn more complicated, too, beginning with Roland-Garros in Paris this spring. France is in the process of converting the health passes required to go to restaurants, cinemas, and public events into "vaccine passes," requiring people to be jabbed and boosted. A recent negative test would no longer cover a person who is unvaccinated to attend events such as the French Open.

Maracineanu, the sports minister, said there would be no exemptions.

The U.K., which hosts Wimbledon, has no such restrictions in place.

The U.S. Open in New York would also become a problem because non-U.S. citizens are required to be fully vaccinated to enter the country, much like Australia.

Djokovic hasn't announced when or where he hopes to compete next.

"I will now be taking some time to rest and to recuperate, before making any further comments beyond this," he said on his way out of Australia.

Djokovic's unvaccinated status hadn't affected his competitive schedule until he ran into the particularly strict laws in Melbourne. He spent last year globe-trotting more or less normally and won three of the four Grand Slam tournaments in one of the most dominant men's tennis seasons in recent memory.

KELLY DEFINA/ASSOCIATED PRESS

Djokovic has won 20 Grand Slam titles.

OPINION

How to Halt Putin's Ukraine Push

GLOBAL VIEW
By Walter Russell Mead

As the Ukrainian crisis deepens, there is only one option that would stop a Russian invasion—and that is the one that all the serious players in Washington say is off the table: dispatching an American and coalition force to defend Ukraine. Vladimir Putin is not ready for war with the U.S.; informing his gamble is a well-grounded conviction that America is not committed enough to Ukraine to defend it by force.

History may look back on this as a failure of nerve equal to the appeasement of the 1930s. Britain and France thought war was unthinkable until it became unavoidable. With troops off the table, the Biden administration hopes to whip up a mass of economic sanctions and political repercussions (up to arming Ukrainian insurgents) grave enough to warn Mr. Putin away from his intended prey.

"Hopes" is the operative word. In Washington, where trying to guess Mr. Putin's intentions has become a bigger indoor sport than Wordle, even administration insiders doubt this approach will work. A worst-case scenario, in which Russia seizes much of Ukraine and the West invokes sanctions that fail to reverse the invasion, seems likely.

America's Indo-Pacific allies in particular are watching with horror. A Russian occupation would expose the fragile underpinnings of world order and encourage China and North Korea to probe for weakness. And if America responds to Russian aggression by building up North Atlantic Treaty Organization forces and entering a prolonged confrontation with Moscow, what becomes of the U.S. focus on the Pacific?

Caught in this ugly predicament, Team Biden must improve the odds of deterring a Russian invasion and plan for the possibility—some think it's a probability—that deterrence fails and Mr. Putin attacks. To do that, it must plan consequences that Mr. Putin will find serious, challenge his calculations about American weakness, and, without appeasement, make the peaceful option look more attractive.

When it comes to threats, Democrats and Republicans alike tend to overvalue the effect of economic sanctions and underestimate their cost. Europe depends so heavily on Russian oil and gas that sanctions are necessarily limited in their scope. Even very small, poor countries like Cuba and North Korea have been undeterred by sanctions more severe than any Russia is likely to face. Formal defense ties uniting Sweden, Finland and the U.S. with a commitment to defending the Baltic states, or the restoration of close defense relations between the U.S. and Turkey (which has sold Ukraine drones and has much to fear from a resurgent Russia), would impress Mr. Putin more.

Beyond that, President Biden must do more to restore U.S. credibility than saying "America is back." Mr. Putin believes the American polarization he has helped promote is so bitter that our foreign policy is doomed to be erratic, changing with every presidential election, and ineffective, because our domestic disputes leave little energy or political capital for foreign affairs. As tensions with Russia mounted, Mr. Biden flew to Atlanta to make the most divisive speech of his presidency, confirming Mr. Putin's dismissive ideas about American paralysis at the worst possible time.

The U.S. needs unity and tough diplomacy. Economic sanctions won't be enough.

To defend peace abroad, President Biden needs to make some peace at home. Resistance to Russia unites both progressive and conservative senators. A bipartisan Senate delegation arrived in Kyiv over the weekend. The administration can and should develop a Russia policy with bipartisan support and put that unity prominently on display.

Mr. Biden then needs to use all the considerable tools at his disposal to educate the American people about the new and dangerous world we inhabit. The holiday from history is over. Between China and Russia, America faces adversaries as powerful and relentless as any we faced in the Cold War. It is President Biden's mission to get this message across.

Finally, he needs to open an effective back channel to explore a way forward. Mr. Putin isn't wrong that Washington and Moscow need a relationship that acknowledges Russia's new power. Quiet conversations between senior people on both sides are likely to be more effective than official exchanges.

These steps can improve the odds of a better outcome in Ukraine, and position the U.S. better should deterrence fail, but the final decision is out of our hands. American policy makers should reread their George Kennan. His 1946 Long Telegram provides an analytical framework that explains why the U.S.-Russia relationship is so volatile, why attempted resets with Mr. Putin have failed, and how best to manage an important relationship that it will never be easy.

William McGurn is away.

Anti-Semitism and Double Standards

By Dominic Green

I spent Friday night like millions of other Jews, at the Shabbat table with my family, and then spent Saturday night like millions of other Jews, watching the phone for updates on the hostage situation at the Beth Israel synagogue in Colleyville, Texas. I went to bed thankful for the bravery and professionalism of the Federal Bureau of Investigation, puzzled as to how and why the hostage-taker, a British Muslim, ended up in a synagogue in Texas—and somehow not surprised.

I wasn't surprised that it happened. This sort of crime isn't yet normal, but it is starting to feel familiar. Familiar enough for Jewish parents to calculate the chances of getting caught in the statistical crossfire every time we take our children to synagogues, schools and Jewish-themed events. This is part of the reality of Jewish life in America today.

When you're perpetually calculating these odds, the question of whether the person who might shoot up the place is a deranged Islamist or a deranged white nationalist is secondary. Yet it's of primary importance to the media and political parties. Terrorism, like everything else in this balkanized society, has become a team sport, for both its protagonists and their cheerleaders. Perception, the battle of images, has become more important than reality to our politicians.

Political ideologies exist in a continuum, from the small number of true believers to the larger number of those who sympathize in some degree with the terrorist's grievance but not his actions, and the largest number—those who, embarrassed by association, want to minimize or look the other way. The swing vote in presidential elections gets smaller every four years, making it more necessary to get out the vote in key sectors, and more tempting to exploit the full range of the ideological continuum, including the extremist fringe.

Politicians should disavow Islamists and white nationalists in equal measure.

Two-party systems are great for parliamentary stability, but they require their parties to have broad appeal. When there's a coalition to build and an election to win, it's easy to ignore the company in which you're traveling. That's the sordid logic that in 2019 led Speaker Nancy Pelosi to pose with Rep. Ilhan Omar for the cover of Rolling Stone.

The result is that Islamist and left-wing terrorism are closely associated with the Democrats, and white-nationalist terrorism closely associated with the Republicans. The representatives of both parties deny their complicity with the extremists who incite these actions. But extreme elements in both parties recognize these associations and exploit them, especially to convert rhetorical points into votes. The Democrats are still making hay from misrepresenting President Trump's maladroit response to the 2017 white-nationalist riot in Charlottesville, Va. Republicans will forever remind Kamala Harris that when the actor Jussie Smollett faked a hate crime with a script that implicated Mr. Trump, she leapt to decry "an attempted modern-day lynching."

The problem is, the fellow-traveling and furtive incitement also get converted into terrorist attacks like the mass murders at the Emanuel African Methodist Episcopal Church in Charleston, S.C., in 2015 and the Tree of Life synagogue in Pittsburgh in 2018, and Saturday's hostage-taking in Colleyville. When that happens, it is necessary to trace the attacker's inspirations and establish the context of a crime—regardless of which team the attacker thinks he's playing on.

After a white-nationalist attack, the media devote considerable resources to tracing the attacker's ideas and search history along the ideological continuum and tarring the Republican Party with "complicity" in his crimes. After an Islamist attack, the imperative is not to establish politicians' complicity with the criminal, but to avoid any inquiry that might amount to "Islamophobia."

Stifling the debate in this manner reflects the preference of most American media for the Democrats, but that shouldn't distract us from a reality that has implications for all Americans.

Anti-Semitism is a barometer of a society's health—or rather its sickness, because anti-Semitism, whether that of the white nationalist or the Islamist, is at heart a spiritual disease. The unprecedented and rising levels of incitement and violence against Jews in the U.S. are warning signs of social breakdown. Anti-Semites are the proven enemies of a free and decent society, yet elected representatives of both parties continue to play footsie with them.

Just as Republicans like Rep. Paul Gosar need to cut loose from the white-nationalist subculture, so the Democratic leadership needs to disavow their fellow-traveling with Islamists. Speech isn't violence, but it does have consequences.

Mr. Green is editor of the Spectator's world edition.

Congress Treats Bitcoin Like Bricks of Cash

By Abraham Sutherland

Without fanfare or debate, Congress has recently determined that economically meaningful transfers of digital assets should be as rare, burdensome and criminally suspect as transacting in bricks of cash. An eight-word amendment to the U.S. tax code in the infrastructure spending bill, which become law on Nov. 15, defines digital assets as cash for the first time—a small change with bad consequences for American innovation.

Enacted in 1984, Section 6050I of the tax code mandates onerous reporting when businesses receive more than $10,000 in physical currency. This discourages the use of cash and encourages the use of banks, which since 1970 have been tasked with surveillance and reporting of Americans' transactions for tax-enforcement and other crime-fighting purposes.

But Section 6050I is obscure for a reason: In 1984 cash was already obsolete for economically significant, law-abiding use in the modern economy. So no one except criminals cared when Congress created one more reason to use banks instead of cash.

But Bitcoin and digital assets aren't obsolete. The November amendment will thwart development of this new technology and effectively ban many uses of digital assets. It will push innovation out of the U.S. And it will entrench existing financial institutions and big tech at the same time it forces Americans to report one another or face a felony charge.

A new federal law mandates reporting transactions of more than $10,000. Why?

The new law also creates inconsistencies with other federal law. Section 6050I interacts with provisions of the Bank Secrecy Act in nuanced ways that the amendment didn't consider. These should have been understood before Congress legislated on such an important technology.

The provision is also constitutionally suspect. Section 6050I forces businesses to collect, verify and report customers' names, addresses, Social Security numbers and other personal information without a warrant. This is a significant imposition on privacy rights and will rightly be challenged under the Fourth Amendment.

Unfortunately, there's no quick fix through artful Treasury Department regulations. The statute limits the discretion of regulators, and the statute itself establishes the surveillance and reporting requirements.

Some in Congress understand this is important, and bills were immediately introduced to repeal the hasty, never-debated amendment.

One of them, introduced by Reps. Patrick McHenry (R., N.C.) and Tim Ryan (D., Ohio), has a dozen bipartisan cosponsors and, among other fixes, would replace the 6050I amendment with a study and report to Congress.

That's the right approach. Section 6050I was originally written for face-to-face transfers of untraceable physical objects occurring on American soil. But digital assets aren't simply digital cash. Unlike physical cash, digital assets are highly traceable. And digital assets aren't obsolete.

After years of silence, Congress's first important foray into digital-asset legislation was done on the sly and without considering the consequences. For those who understand neither 6050I nor digital assets, the grave consequences of the new law aren't obvious, but they are real. The mistake can be rectified. Congress should repeal the Section 6050I amendment and start over.

Mr. Sutherland is a fellow at Coin Center and an adjunct professor at the University of Virginia School of Law.

BOOKSHELF | By Hamilton Cain

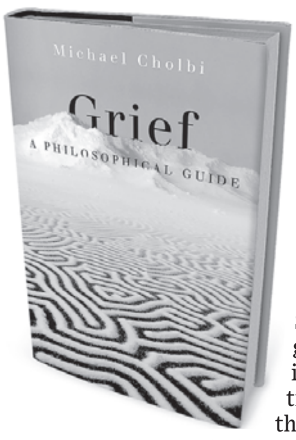
What We Learn From Loss

Grief: A Philosophical Guide

By Michael Cholbi
(Princeton, 232 pages, $24.95)

One of the Metropolitan Museum's crown jewels, "The Death of Socrates" by Neoclassical master Jacques-Louis David is a magisterial canvas that speaks to the grandeur of noble sacrifice, with clean brush strokes and a symmetrical composition. David bathes the condemned philosopher in incandescence, left hand raised in salute as his right reaches for the cup of hemlock; his students and friends turn away, distraught, some weeping in disbelief. On the left, the painter has placed Plato, sitting grimly with brow furrowed—an artistic license, since the younger man wasn't present. The tension between the defiant Socrates and his anguished followers infuses the scene with pathos and resolve.

As Michael Cholbi observes in his clear-eyed, meticulously argued study "Grief: A Philosophical Guide," this emotion has long been neglected by Socrates' heirs, relegated instead to literature and art, and later to psychoanalysis and neurobiology. Its lineage winds from the 4,000-year-old Epic of Gilgamesh through Homer and Shakespeare, but Western and Eastern philosophers "were far more hostile toward grief than we moderns," viewing acute loss and distress as something to be endured or even resisted. Socrates himself scoffed at grief. For Seneca and other Stoics, grief was a messy distraction to the pursuit of virtue; for the Chinese Daoist philosopher Zhuangzi, it was childish denial of a cycle as inexorable as the seasons. Why bother?



This elision makes no sense to Mr. Cholbi, a professor of philosophy at the University of Edinburgh. "Grief is . . . a surprisingly philosophical enterprise," he notes. It cuts to "the question at the core of philosophy inquiry: How shall I live?" He aims to change the calculus. "The centrality of grief to the human experience makes it ripe for philosophical investigation, so the paucity of philosophical attention it has received is lamentable," he writes. "The subject deserves better." His chapters build on each other, staking out ground that seems to shift beneath his feet, from pathological pain to medical interventions to the playfully titled "What to Expect When You're Grieving." The search for verities is a fool's errand. "That grief is a process involving multiple emotional states increases the ways in which grief episodes can vary from one another. Some episodes will include depression, others will not; some episodes will include anger, others will not; and so on."

But it's precisely the tension so boldly portrayed in David's masterpiece that fuels "Grief." Mr. Cholbi recognizes that the term means different things in different contexts—my teenagers may feel a sense of loss when they flub a history quiz, a job layoff may provoke tears—but the author keeps his focus tight on the deaths of loved ones: parents, children, siblings, intimate friends, celebrities with whom we feel a deep kinship. (He mentions David Bowie.) After an obligatory nod to Elisabeth Kübler-Ross's model, which he deems flawed, Mr. Cholbi circles around a quandary: Who is the true subject of grief, the deceased or the survivor? And do the living and dead continue to dialogue? His answers are both surprising and resonant. The ineffability of grief, too, suggests a conundrum—"to know who we grieve for is still not to say what grief is"—but he maps out three defining features: "a process, a kind of attention, and an activity." As opposed to fear or anger, grief drags on, a "longer duration . . . moved forward at least partially by our agency—by our judgments, choices, and actions." Which explains why we must try to understand it better.

The experience of grief is near-universal. Yet philosophers from Socrates onward have held it at arm's length.

For Mr. Cholbi, then, grief is multivalent and nonlinear; we should grant ourselves permission to grieve in myriad ways, or to not grieve at all. (A later chapter probes whether the process is a "duty" we owe to ourselves and to the missing.) It can also signify good mental health. Most of us, though, fall into the binary of retrospective grief—the impulse to look backward on loss—versus prospective grief, or the desire to move forward, bruised but resilient. For philosophers, grief is no simple egg to crack; it scrambles the categories they have relied on for centuries.

It scrambles the book's flow as well. Mr. Cholbi is occasionally repetitive in his arguments and bland, if lucid, in his academic affect. Too often he leans on summary. In an ironic twist, "Grief" sparks off the page when Mr. Cholbi steps away from his own discipline and into literary criticism, as when he invokes Proust's "In Search of Lost Time" and Joan Didion's "The Year of Magical Thinking." His riffs on C.S. Lewis and Camus lend a human face to the careening arcs of loss. He draws a crucial distinction between grief and mourning, emphasizing the personal nature of the former, echoing Freud's essay "Mourning and Melancholia."

Mr. Cholbi's investigation is rooted not only in the early days of psychoanalysis but also in the Victorian obsession with death and grief, beautifully evoked in Alfred Tennyson's poem "In Memoriam" and Drew Gilpin Faust's "This Republic of Suffering," her survey of collective trauma catalyzed by the Civil War. (The elaborate 19th-century gravestones in Brooklyn's Green-Wood Cemetery are literal monuments to that obsession.) By bringing grief to philosophy Mr. Cholbi brings philosophy closer to the other humanities; he's as incisive a critic as he is a philosopher. "Grief can be seen as corresponding to a *narrative disruption* in our lives," he writes. "I am skeptical that grief must take the form of a narrative." But, he adds, it can be a "pivotal juncture" in the story one makes out of life.

David painted "The Death of Socrates" in 1787, on the eve of the French Revolution; the canvas can be interpreted as an allegory for the twilight of monarchy and an elegy for France's *Ancien Régime*. In just a few years the austerity of Neoclassicism would give way to a turbulent Romanticism. "Grief" implicitly calls for a revolution in how philosophy understands itself: It must seek new tools to sustain us through consequential inflection points, such as the long tail of our current pandemic. This time, with feeling.

Mr. Cain is the author of "This Boy's Faith: Notes From a Southern Baptist Upbringing."

OPINION

REVIEW & OUTLOOK

Biden Plays Capture the Fed

President Biden has a chance to remake the Federal Reserve Board of Governors by filling multiple vacancies. This is especially important given inflation's breakout, yet Mr. Biden's latest nominees seem less worried about prices than pushing progressive policies that aren't the Fed's job.

Sarah Bloom Raskin wants to politicize bank supervision.

Mr. Biden on Friday nominated former Treasury official Sarah Bloom Raskin as Fed vice chair for supervision, along with economists Lisa Cook and Philip Jefferson to vacancies on the Board of Governors. All three deserve scrutiny, but especially Ms. Raskin given what would be her regulatory power over banks and finance.

* * *

Ms. Raskin previously served as a Fed governor from 2010 to 2014. But her recent public statements have focused on climate change, especially using financial regulation to steer capital from fossil fuels to green energy.

In May 2020, with awful timing, she wrote a New York Times op-ed titled "Why Is the Fed Spending So Much Money on a Dying Industry?" That was amid the government's pandemic shutdowns, when the Fed was acting to save the economy from collapse. The Fed established broad-based lending programs to prevent businesses that were otherwise sound from failing due to the shutdowns.

Ms. Raskin wanted the Fed to exclude fossil-fuel companies from these facilities. "The Fed is ignoring clear warning signs about the economic repercussions of the impending climate crisis by taking action that will lead to increases in greenhouse gas emissions at a time when even in the short term, fossil fuels are a terrible investment," she wrote.

This showed colossally bad judgment. The crisis of the hour was Covid and a potential depression, not climate. Yet at that perilous moment Ms. Raskin was urging the Fed to discriminate against an industry that employed hundreds of thousands of people. Had the Fed taken her advice, many more oil and gas producers would have gone bankrupt, and energy prices would be even higher today.

"The Fed's unique independence affords it a powerful role," Ms. Raskin added. "The decisions the Fed makes on our behalf should build toward a stronger economy with more jobs in innovative industries—not prop up and enrich dying ones." By unique independence, she apparently means it is unaccountable to voters. The Fed won't pay a price at the ballot box if it destroys jobs.

Ms. Raskin expanded on her views in a June 2020 report "Addressing Climate as a Systemic Risk," for the liberal investing outfit Ceres. "We must rebuild with an economy where the values of sustainability are explicitly embedded in market valuation," she wrote. This will require "our financial regulatory bodies to do all they can—which turns out to be a lot—to bring about the adoption of practices and policies that will allocate capital and align portfolios toward sustainable investments that do not depend on carbon and fossil fuels."

Note that phrase "allocate capital." Among other things, the report recommended the Fed use climate stress tests to make banks account for the risk of government anti-carbon policies such as electric-car mandates and carbon taxes. It also suggested that the Fed deem fossil fuels risky assets and require banks to calculate the carbon emissions of their loans and investments.

Since this forced climate march will especially hurt lower-income Americans, both through destroyed jobs and higher energy prices, the report suggests the Fed use the "community reinvestment process to bolster the resilience of low-income communities to climate change." Liberals have long used the Community Reinvestment Act to steer more lending to low-income neighborhoods.

Now Ms. Raskin apparently wants the Fed to use the law to force banks to finance green energy—for instance, electric-vehicle charging stations and rooftop solar panels—in minority communities. None of this is the Fed's job under the law. The central bank's regulatory command is financial stability, not making policy judgments that are the province of Congress, and not using regulation to allocate capital based on politics.

* * *

The Fed's vice chair has extraordinary power to set the agenda on bank regulation. Chairman Jay Powell plays a secondary role. Along with the other new Fed Governors, Ms. Raskin would be in a position to steer lending in ways that could undermine financial stability by punishing some industries while favoring others.

It's no surprise that Ms. Raskin was pushed hard by Sen. Elizabeth Warren and other Democrats who want to use regulation to steer bank lending. This political play to control the Fed is ironic given that Democrats opposed Judy Shelton for a regular Fed governor position because she had written favorably about a price rule for monetary policy.

Ms. Raskin's views should trouble Senators who care about the Fed's independence. And they should especially concern Democrats, such as West Virginia's Joe Manchin and Montana's Jon Tester, whose state economies depend on fossil fuels.

"The @FederalReserve is no place for someone incapable of making policy decisions independent from political calculations," Sen. Warren tweeted last November. Do Democrats only care about the Fed's independence when a Republican is President?

Cashiering the Debate Commission

The Republican National Committee announced last week that it is walking away from the Commission on Presidential Debates, and the commission's demise would be no great loss for democracy.

RNC Chairman Ronna McDaniel wrote the commission co-chairs on Jan. 13 that the party will amend its rules at its winter meeting to bar its candidates from attending commission-sponsored debates. Ms. McDaniel says the RNC decision follows a failed attempt to negotiate reforms to restore trust in how the commission operates.

The commission formed in 1987 with the assent of both party chairmen at the time, with the high-minded goal of bringing nonpartisan uniformity to debate rules. But in our polarized and populist times, the commission and its board of Washington political eminences arguably sows more distrust than confidence, especially among Republicans.

The RNC's proposed reforms aren't worth belaboring, but they go to the frustration with the commission's increasing high-handedness. In 2020 it unilaterally announced that the second debate would be virtual before the candidates had agreed to it, and it then canceled the debate after President Trump declined to attend a virtual event. Its moderators tend to tilt left and their choice of subjects to debate and their supposedly factual interventions often favor one candidate or the other.

GOP Sen. Mitt Romney criticized the RNC decision, as have the usual Washington totems. The concern is that without a commission there may not be presidential debates. But presidential contests functioned well enough before 1988. The party nominees don't need midwives to host debates. Their designees can negotiate the terms, times and moderators with one another.

If one side prefers not to debate—usually an incumbent or candidate leading in the polls—the voters can factor that into their electoral calculations. Debates can add to the information that Americans use to make voting decisions, and we favor them. But they aren't essential in presidential elections when news coverage and political ads saturate the airwaves. Democracy will survive without a debate commission.

Washington Cashes In on Inflation

The country may be upset with inflation, but in many ways political Washington has never had it better. Covid-19 has been the excuse for record government spending and the abuse of regulatory power such as vaccine mandates and an eviction moratorium. And now we learn that tax revenue is rushing into the Treasury even as politicians plead poverty.

Individual income tax receipts rose 55% in the first fiscal quarter.

That's the news you haven't read about last week's December budget review from the Congressional Budget Office. The budget gnomes report that federal receipts in the first fiscal quarter, from October to December, increased by a remarkable 31%. That's a cool $248 billion increase to $1.05 trillion for the quarter.

Individual income taxes revenue soared by 55% in the quarter, or $189 billion, to $536 billion. Corporate income taxes rose 44%, or $30 billion, to $99 billion. Payroll taxes and a variety of other receipts, including a 16% increase ($4 billion) in remittances from the Federal Reserve, made up the rest.

This boom for the Beltway reflects the strong growth in nominal GDP. With 7% inflation, nominal GDP is increasing by double digits, which leads to higher nominal profits, wages and salaries. Washington gets the revenue windfall from taxes on those nominal increases even if average wages for workers falls behind inflation, as they did last year by 2.4%, according to the Bureau of Labor Statistics. A 7% rate of inflation is Christmas all year 'round for the federal government. State governments are also reaping revenue windfalls.

CBO says the federal government still had a $377 billion budget deficit in the first fiscal quarter as outlays increased 6%, or $75 billion, to $1.43 trillion. The spending increases came mainly from the pandemic-related transfer payments passed by Congress last March. That included increases of $59 billion in refundable tax credits (mainly the higher child allowance), $21 billion more for food and nutrition (mainly food stamps), and $18 billion more for schools.

The lesson here is that Washington doesn't need a tax increase. As the economy grows, the revenue will keep flowing, even if the pace of increase slows. Even amid Covid's Omicron variant surge, the economy is growing smartly and doesn't need new spending. Everyone who wants a job can get one—or two. The economic problem is inflation, which is hurting workers even as it rewards politicians.

LETTERS TO THE EDITOR

Not So Easy to Revive Our Nuclear Industry

"Is Nuclear Power Part of the Climate Solution?" (Review, Jan. 8). Yes. But our 40-year retreat from nuclear power, set in motion by the 1979 Three Mile Island accident, has left us in a deep hole. Most of our operating nuclear plants are well past middle age. U.S. nuclear capacity will diminish sharply right when we need it most and before (if ever) it rebounds.

Resurrecting a moribund nuclear industry is a daunting challenge. Imagine the cost and schedule to produce a single pickup truck, if there weren't already a thriving industry cranking them out around the clock.

Shifting from light-water-reactor (LWR) technology to a theoretically better one adds an additional layer of difficulty. We have been learning, refining and polishing LWR technology for 70 years, as evidenced by the astonishing resilience and performance of the existing fleet. Along with its unquestioned environmental superiority, the conventional LWR stands as a demonstrably safe electricity-generation source. There's no need to start from scratch. We can build on proven LWR technology and apply 21st-century control systems. We shouldn't let the hypothetical better be the enemy of the vitally needed good.

Jack DeVine
Potomac Falls, Va.

Don't assume that nuclear power will be cost-competitive or available soon enough to make a significant difference in stopping global warming. Nuclear power plants are complex systems and frequently experience long construction delays and huge cost overruns. It will take a long time to design, test and build substantial new nuclear capacity. Meanwhile, the cost of electricity produced using solar and wind continues to decline because of technical improvements and economies of scale.

The public doesn't want to live near nuclear power plants, no matter what experts say. Producing hundreds of small modular reactors won't solve the problem. And we shouldn't build new plants until we decide how to dispose of the spent reactor fuel that is stored at each site. Washington hasn't come up with a solution to this problem in over 50 years.

William Fletcher and Craig Smith
Newport Beach, Calif.

Messrs. Fletcher and Smith are co-authors of "Reaching Net Zero."

The spent fuel can be recycled, so there's much less radioactive material left. Modular plants the size of buses have been designed for flexible electricity generation, allowing for expansion in the future. While we hope that nuclear fusion will be possible at some point, the best option right now is nuclear fission. The government needs to start building plants now.

Elaine Fleeman
Bakersfield, Calif.

Nuclear power is among the safest means we have of producing electricity. Fatality rates per billion kilowatt-hours generated are 25 for coal, 2.8 for natural gas, 0.074 for nuclear (including Chernobyl), 0.035 for wind, 0.024 for hydro, 0.019 for solar and 0.0001 for U.S. nuclear, as reported in the Lancet and the Journal of Cleaner Production.

It is well known from an engineering standpoint how to safely dispose of high-level radioactive waste, making the waste issue purely a political problem. While high-level waste is toxic, it is an inert solid much less hazardous than gasoline. We carry our gasoline with us pretty much wherever we go, storing it far less carefully than nuclear waste.

Should we be concerned with tiny quantities of waste migrating from a very remote, highly engineered and easily monitored facility sometime in the far distant future, or with the millions of tons of carbon dioxide and harmful particulates we currently pump into the air?

Closing well-running nuclear plants has been a large step backward for addressing climate change. We must keep existing plants running, and vigorously develop the new generation of small modular reactors.

John Windschill
Aitkin, Minn.

What Baby Boomers Pass Down to Millennials

As a fellow boomer, I enjoyed F.H. Buckley's insightful observations ("Millennials Are the Silencing Generation," op-ed Jan. 3). We, as a generation, not only extend "our love and hope for the future"; we stand poised to pass on to millennials what will likely be the greatest wealth transfer in history. What if this gift is coupled with the greatest charitable estate giving in history? Boomers, our legacy can extend well beyond our progeny.

Randall Jordal
Evergreen, Colo.

Perhaps it was the boomers who mollycoddled their millennial children, protecting them from every threat in the universe—real or, mostly, imagined—which precluded them from performing jobs (mowing lawns, etc.) traditional for children and teens, and destroyed any appreciation for a work ethic? Or was it perhaps the excessive self-esteem movement, which provided ribbons and trophies to last-place sports teams? Then again, maybe it was the "stranger danger" imposed on children, almost completely based on urban myths with no data to back up ridiculous restrictions on children's outdoor activities?

I submit it was all the above and plenty more. The baby-boomer generation boasted they'd "found a better way," only to find decades later that the effect of their social engineering has produced the millennial generation, with all its dysfunctions. Great damage has been done to children, and it's time for the boomers to own up to their child-rearing blunders.

Kevin A. Capps
Corona del Mar, Calif.

A Justice's Silence Is Golden

Holman W. Jenkins, Jr.'s column "Court's Supreme Covid Confusion" (Business World, Jan. 12) brings to our attention a few faux pas uttered by certain justices during oral argument about the vaccine mandate, as well as other inaccuracies invented by the media in the subsequent coverage.

For decades, Justice Clarence Thomas has suffered slings and arrows from certain legal pundits for rarely commenting during oral arguments. His fellow justices, and the esteem of the Supreme Court, could profit by Mr. Thomas's example and by adhering to the adage: "It is better to remain silent and be thought a fool than to speak up and remove all doubt."

Tim Healey
St. Louis

The Great Vaccine Debate Needs More Than Two Sides

In "The Endless Loop of Covid-19" (Declarations, Jan. 8), Peggy Noonan writes, "From the beginning the government should have sent pro- and anti-vaxxers out all over to debate each other—the pro-vaccine argument would have won." But this framing of the vaccine issue into two sides is part of the problem.

We need to deal in detail and nuance. For example, consider the question: Should a healthy 20-year-old male receive the Moderna vaccine with shots spaced at 28 days? Many doctors (and countries, such as France and Germany) answer no.

Let's figure out how best to deploy the three vaccines we have, while paying attention to important demographic factors such as age, sex and comorbidities. Covid-19 vaccines are a complicated issue; let's not pretend that the answer is to have two sides club it out.

Jeremy Gwiazda
Cambridge, Mass.

The Right Type of Experience

Regarding Daniel Henninger's column "Manchin-Adams in 2024?" (Wonder Land, Jan. 6): I've often thought that moving someone from the legislative branch of government to the top position in the executive branch was a bad idea. President Biden and his wet-finger-in-the-air management style have done nothing but support that view. If Mayor Eric Adams can accomplish half of what he proposes for New York City, an Adams-Manchin ticket has some appeal.

Phil Funk
Concord, N.H.

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.

Pepper ... And Salt

THE WALL STREET JOURNAL

"He's too young for his grumpiness to be endearing."

OPINION

A Politicized Fed Endangers the Economy

By Jeb Hensarling

During Federal Reserve Chairman Jerome Powell's reconfirmation hearing last week, there was an understandable focus on inflation. Led by Republican Sen. Pat Toomey, several senators expressed concerns that politicization of the Fed is hampering its effectiveness in dealing with inflation and could lead to an erosion of monetary-policy independence. If such concerns are left unaddressed, the American economy will suffer.

Congress should resist the temptation to use the Fed to advance social policy or fund its favorite programs off-budget. In turn, the Fed should halt its mission creep into fiscal policy and stay out of unrelated partisan congressional debate.

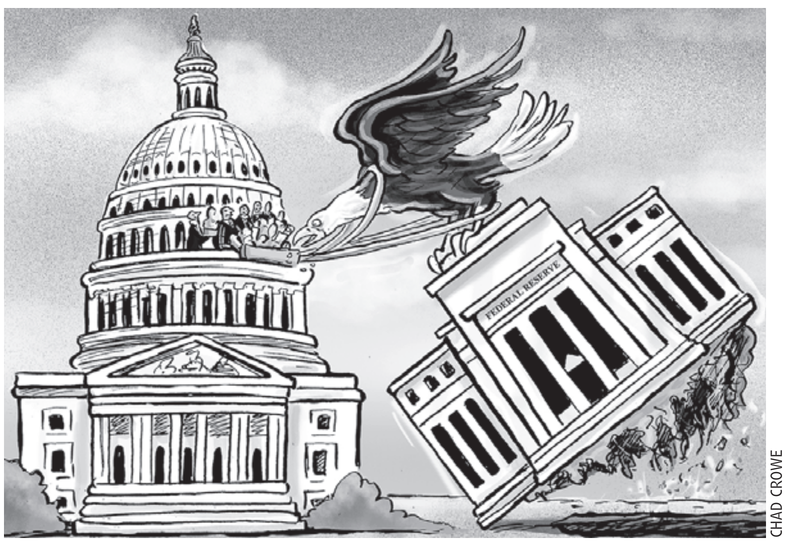
The central bank can't deliver price stability if it's distracted by climate change and social justice.

Out of the hundreds of federal agencies, commissions and bureaus, arguably none are more independent of congressional checks, balances and accountability than the Fed. But this historic grant of independence from Congress was designed only for the narrow purpose of conducting monetary policy, which today is defined by Congress's dual mandate to achieve stable prices and maximum employment. Ever since the 2008 financial crisis, the Fed has been engaged in much more, and the lines between monetary policy and fiscal policy have become blurred.

During the 2008 financial crisis the Fed, using its so-called 13(3) exigent-circumstances powers, propped up a single sector of the economy—the housing market—not to mention nondepository financial institutions like investment bank Bear Stearns. In 2010 Congress broke precedent and used the Fed's balance sheet to fund in perpetuity the newly created and unrelated Consumer Financial Protection Bureau. In 2015 it used the Fed's capital surplus account to help fund a highway bill.

Since the advent of Covid, the Fed has become thoroughly ensconced in fiscal policy, specifically credit policy, by backstopping practically every credit market in the U.S. Extraordinary times require extraordinary actions. The nation should be grateful for many emergency measures the Fed took during two historic crises. But these steps went way beyond the Fed's monetary-policy remit. Continuing them in ordinary times is fraught with peril. To use a dramatic parallel, Abraham Lincoln suspended the writ of habeas corpus during the Civil War. Few thought that was wise or constitutional after Appomattox.

Some members of Congress have called for the Fed to use its balance sheet—now more than 10 times as large as before the 2008 financial crisis—to fund government programs as diverse as public transit and the arts. Depending on the outcome of



CHAD CROWE

future elections, other lawmakers could seek to use the Fed's balance sheet to fund border security, for example. Legislators may now begin wondering why they should go through the messy and difficult process of winning an annual congressional appropriations vote when they can simply have the Fed fund their favorite programs off-budget.

Another threat to the Fed's monetary-policy independence comes from a bill pending in Congress that would force the central bank "to address the ongoing crisis of racial inequality and disparities in economic outcomes." The Fed is no more equipped to deal with these issues than the Pentagon is equipped to police securities markets. If the bill becomes law, the Fed may be saddled with a laundry list of policy mandates—from social justice to free speech. There are many noble causes and many partisan political issues. They don't belong at the Fed.

The Fed itself hasn't been blameless. At his recent second-term confirmation hearing, Mr. Powell endorsed the idea of "climate stress tests" for banks. The Fed has promoted research papers on everything from paid sick leave to higher-education reform. These are important issues. But all are subject to partisan debate and far afield from monetary policy.

Some at the Fed have expressed concerns over the loss of monetary-policy independence. Randal Quarles, the Fed's departing vice chairman for supervision, warned in December that normalizing fiscal measures at the central bank could lead to "dangerous fiscal irresponsibility, and the attendant pressures would turn [the Fed] from a technocratic, non-political institution . . . into the most politically entangled organization in the country."

It is time to depoliticize monetary policy. First, instead of making the Fed's mandate broader, Congress should consider narrowing it to one of price stability. The Fed's contribution to achieving full employment should be through focusing on long-term price stability. Next, as we learn to live with Covid and as the economy continues to recover, the Fed must go beyond merely tapering its bond purchases. It must set out a credible process and timetable to unwind its balance sheet.

Should the Fed be called on again to exercise emergency powers, Congress must ensure those powers are of limited duration and that any credit facilities created are quickly transferred to the Treasury Department. Finally, the more improvisational and discretionary the Fed's conduct of monetary policy, the more difficult it is to withstand political pressures. The Fed should move to a monetary-policy framework that is more systematic, predictable and transparent.

If politicized monetary policy doesn't prove transitory, it is doubtful the Fed will be able to deliver either stable prices or maximum employment.

Mr. Hensarling served as a U.S. representative from Texas (2003-19) and chairman of the House Financial Services Committee (2013-19).

Biden Goes for Broke. He's Broke. Now What?

FREE EXPRESSION
By Gerard Baker

'Just colossally disrespectful" was how someone described as a "longtime Biden advisor" characterized for a Daily Beast reporter the behavior of Sen. Kyrsten Sinema last week. The Arizona Democrat had told the Senate she wouldn't support a proposal to suspend the filibuster, thereby dealing the long-expected fatal blow to President Biden's legislative ambitions.

The adviser was presumably articulating a widespread frustration in the president's ranks after Ms. Sinema declined even to hear any more pleas from Mr. Biden before jilting him. But think about that outburst for a moment and consider what it says about the standing and authority of the 46th president as we mark the end of his first year in office.

Has there ever been a figure a year into his term reduced to such impotence that his aides are impelled to whine to friendly media about the "disrespect" shown him by a first-term senator? Can you imagine Lyndon Johnson's acolytes doing that for him? Ronald Reagan's?

But such lèse-majesté is routine now in Democratic ranks. In the past month the president has been spurned by Ms. Sinema, rebuffed by Sen. Joe Manchin, and, perhaps most humiliating, snubbed by Stacey Abrams, whose principal political achievement is to have come in second in the 2018 election for Georgia governor. Ms. Abrams decided she had a "scheduling" conflict when the president was in her patch last week.

As we survey the flattened landscape of Mr. Biden's ambitions at the one-year mark, it's for all of us, not just frazzled White House staff to ask: What now?

The answer is obvious: He should do what he should have done a year ago. A little wisdom, some prudence and a grasp of elementary congressional arithmetic might have guided him to make genuine progress for an exhausted and fractured nation. Instead of trying to build ever more improbable progressive utopias in the clouds on the vaporous platform of a 50-50 Senate, he could have started—and could even now—start doing some of the things the American people would actually like to see him do. He could take boring, practical measures to address real challenges—getting us past the pandemic, cooling inflation, addressing crime in the cities and the crisis at the border—not the imaginary ones that fester in the revolutionary's mind.

He could still push for bipartisan solutions, but his divisive first year makes it much harder.

But it's going to be much harder now. A year ago he had the political capital of a newly elected president with an approval rating that approached 60%. Having largely squandered that capital, what does he do to persuade vulnerable politicians in his own party—let alone anyone else—that they should support the goals of a president with 40% approval?

Having spent a year steeping the American people in panicked rhetoric about the menace to democracy his opponents pose, culminating in that ludicrous exercise in performative paranoia in Georgia last week, how does he work with those enemies to achieve anything?

What does he say to the ghost of John Lewis the next time he encounters him wandering around the Capitol? "Sorry John, I couldn't save the republic from totalitarianism with the voting rights bill we named for you, but I did manage to cut a deal with Jeff Davis, Bull Connor and George Wallace over there to cut tariffs on beef imports"?

Historians will have to figure out what exactly impelled Mr. Biden to go for broke—and keep going, until he was duly broke—on the two main Democratic legislative plans of his first term: first, Build Back Better and now the so-called voting rights bills. If the definition of insanity is doing the same thing over and over and expecting a different result, we have more to worry about with the president's health than memory lapses and verbal stumbles.

People who claim to know Mr. Biden say that he was convinced by the blandishments of obsequious advisers that he was on a historic mission of transformation. "Never let a crisis go to waste," they presumably whispered in the presidential ear, displaying that unsettling and peculiarly left-wing penchant for exploiting misery rather than fixing it.

Perhaps too we shouldn't discount the effect on the man's ego from eight years of being laughed at by the teenagers who carried Barack Obama's BlackBerry around the West Wing. They alone can take some comfort in the thought that the past year may have vindicated their boss's famous warning: "Don't underestimate Joe's ability to [foul] things up"

Still, look on the bright side. Thanks to Republican solidarity and the efforts of the shrunken but still barely breathing sensible wing of the Democratic Party, a damaged country has avoided further unnecessary self-inflicted harm. The repudiation of the left's ambitions is a necessary and wholly welcome corrective that should help the U.S. to recover its equilibrium in a turbulent time.

And since the avoidance of calamity is the next best thing—and often an essential prelude—to success, let's celebrate Mr. Biden's anniversary as a moment of real promise.

Herd Immunity Is Over—Long Live Superimmunity

By Allysia Finley

Forget about herd immunity. Covid-19 vaccines and prior infection don't provide lasting protection against infection and transmission, especially with the Omicron variant. That makes it impossible for enough of the population to become immune to stop the virus from spreading.

But don't despair. Omicron will give much of the population what some scientists call "superimmunity"—stronger protection against new variants and even future coronaviruses. Normal life will be possible even as the virus continues to spread and mutate. Superimmunity won't necessarily stop people from being infected or transmitting the virus. But most people who get infected, even with a more virulent variant, will experience mild or no symptoms.

To understand why, consider how the immune system works. Two types of white blood cells, T- and B-cells, tag-team to vanquish invading pathogens. T-cells act as sentinels that circulate in the lymph nodes and bloodstream. When they spot an invader, they kick into action. One type of T-cell destroys infected cells. Another signals B-cells, the immune system's force multipliers, to proliferate and secrete antibodies that neutralize the pathogen. Antibodies target proteins on the pathogen known as antigens.

Once the army of white blood cells and their antibody foot soldiers have defeated the virus, most die off. But some white blood cells that remember the pathogen persist and hone their combat skills. These so-called memory T-cells continue to reside in the bone marrow, lymph nodes and other tissues, ready to mobilize the immune system if they encounter the intruder again.

Meantime, memory B-cells go to boot camp in the lymph nodes, where they get into better fighting shape should the invader return. Memory B-cells train to produce antibodies that can block new variants. When and if the virus reappears, they can more rapidly reproduce and produce more-potent antibodies.

Vaccines emulate natural infection by training the immune system with a pseudo-virus or antigen—in the case of Covid-19, the spike on the surface of the virus that it uses to bind to human cells. Antibodies produced after vaccination tend to decline more rapidly than after infection, perhaps because the virus particles persist longer in the body than the vaccine-simulated antigens.

With both infection and vaccination, the immune system gets quicker, stronger and smarter after being exposed to a new challenge. Researchers have found that people who were infected by Covid-19 and later vaccinated crank out higher levels and a broader array of antibodies that last longer than do people who have only been vaccinated.

Similarly, a study last month by the Oregon Health and Science University found that vaccinated people who experienced breakthrough infections produced higher levels of antibodies that were up to 1,000% more effective than those generated two weeks after a second dose of the Pfizer vaccine. The researchers described this as superimmunity.

"I think this speaks to an eventual end game," said co-author Marcel Curlin. "It doesn't mean we're at the end of the pandemic, but it points to where we're likely to land: Once you're vaccinated and then exposed to the virus, you're probably going to be reasonably well-protected from future variants." Dr. Curlin added: "Our study implies that the long-term outcome is going to be a tapering off of the severity of the worldwide epidemic."

A study last month from South Africa found that people who were infected with Omicron produced antibodies that were more than four

The Omicron wave will leave most people with potent and durable protection against Covid.

times better at neutralizing the Delta variant. Booster vaccines also improve the immune response by giving B-cells more time to mature—one reason antibodies after three Pfizer shots are capable in lab experiments of neutralizing Omicron while those after two aren't.

But boosters train the immune system against the same target. Omicron's myriad mutations create a bigger challenge for the B- and T-cells, and thereby strengthen the immune response. To use an analogy, if you train at doing push-ups, you'll get stronger—but not as strong as if you also did pull-ups.

Infection also strengthens the T-cell response. T-cells from vaccinated people have been found to retain 70% to 80% of their efficacy against the Omicron variant spike protein. This has helped prevent more severe illness, even though vaccine antibodies are less effective against Omicron.

But infection trains T-cells to recognize virus proteins that also are less likely to mutate than the spike. Some of these proteins share similarities with the original SARS virus as well as four coronaviruses that can cause the common cold. SARS survivors have been found to have memory T-cells 17 years after infection that also recognized parts of the Covid-19 virus. A new study from the U.K.'s Imperial College found that people with pre-existing T-cells to non-spike proteins in common-cold coronaviruses were less likely to get infected with Covid-19.

All of this suggests that infection with Omicron is likely to stimulate potent and durable protection against Covid-19—and potentially other coronaviruses—even if it mutates to become more virulent. As Omicron rapidly spreads, people who have been vaccinated or previously infected will develop superimmunity. Covid-19 will become a virus that causes cold- and sometimes flulike symptoms—annoying but rarely deadly or disruptive.

One caveat is that older people generate weaker T-cell responses and memories to infections and vaccines. They're likely to need annual booster shots. Omicron will end the pandemic by making Covid-19 endemic.

Ms. Finley is a member of the Journal's editorial board.

Notable & Quotable: Sasse

Sen. Ben Sasse (R., Neb.) speaking on the Senate floor Jan. 13:

There's a place of course where simple majorities rule. It's right down that hallway. We have a House of Representatives already. Does anybody want to make the argument that that place is healthier than we are because it is a simple majoritarian body? . . . The Senate is supposed to be the place where passions are tempered and refined by people who are responsible for thinking beyond our next election, which is why every election cycle in America only has one-third of senators even up for re-election. That's the whole reason we have six-year terms. . . .

If you get rid of the filibuster, you will turn the Senate into the House and you will ensure that this body, too, ends up consumed by demagogues, conspiracists and clowns. . . . The American people are not fans of these political parties. Getting rid of the filibuster means you don't have to try to talk to people on the other side of the aisle and get to a 60-vote threshold for legislation or a 67-vote threshold for rules changes. It means that one of these two terrible parties gets to do a lot more stuff a lot faster.

THE WALL STREET JOURNAL.
PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

Rupert Murdoch
Executive Chairman, News Corp

Matt Murray
Editor in Chief

Robert Thomson
Chief Executive Officer, News Corp

Almar Latour
Chief Executive Officer and Publisher

Neal Lipschutz, *Deputy Editor in Chief*
Karen Miller Pensiero, *Managing Editor*
Jason Anders, *Chief News Editor*
Thorold Barker, *Europe;* **Elena Cherney,** *Coverage;* **Andrew Dowell,** *Asia;* **Anthony Galloway,** *Video & Audio;* **Brent Jones,** *Culture, Training & Outreach;* **Alex Martin,** *Print & Writing;* **Michael W. Miller,** *Features & Weekend;* **Emma Moody,** *Standards;* **Shazna Nessa,** *Visuals;* **Matthew Rose,** *Enterprise;* **Michael Siconolfi,** *Investigations*

Paul A. Gigot
Editor of the Editorial Page
Daniel Henninger, *Deputy Editor, Editorial Page;* **Gerard Baker,** *Editor at Large*

DOW JONES | News Corp

DOW JONES MANAGEMENT:
Daniel Bernard, *Chief Experience Officer;* **Mae M. Cheng,** *SVP, Barron's Group;* **David Cho,** *Barron's Editor in Chief;* **Jason P. Conti,** *General Counsel, Chief Compliance Officer;* **Dianne DeSevo,** *Chief People Officer;* **Frank Filippo,** *EVP, Business Information & Services;* **Robert Hayes,** *Chief Business Officer, New Ventures;* **Aaron Kissel,** *EVP & General Manager, WSJ;* **Josh Stinchcomb,** *EVP & Chief Revenue Officer, WSJ | Barron's Group;* **Jennifer Thurman,** *Chief Communications Officer*

EDITORIAL AND CORPORATE HEADQUARTERS:
1211 Avenue of the Americas, New York, N.Y., 10036
Telephone 1-800-DOWJONES

TECHNOLOGY: ANT UNIT LOSES OUT ON FUNDING DEAL B4

BUSINESS & FINANCE

 * * * * THE WALL STREET JOURNAL. Tuesday, January 18, 2022 | B1

S&P Closed (4662.85) S&P FIN Closed S&P IT Closed DJ TRANS Closed WSJ $IDX ▲ 0.09% 2-YR. TREAS. Closed NIKKEI (Midday) 28568.06 ▲ 0.83% See more at WSJ.com/Markets

Unilever to Expand in Healthcare

Biggest strategic shift in years for company comes after disclosing bid for Glaxo unit

BY SAABIRA CHAUDHURI

Unilever PLC said it wants to push further into health, beauty and hygiene products at the expense of slower-growing food brands, laying out its biggest strategic shift in years after disclosing a $68 billion approach for **GlaxoSmithKline** PLC's consumer-health business.

The maker of Dove soap and Ben & Jerry's ice cream said Monday that buying GSK Consumer Healthcare, which sells everything from Aquafresh toothpaste to Advil painkillers, would be accompanied by significant divestitures as it looks to rejigger its portfolio toward higher-growth categories.

Unilever on Saturday said it had made a takeover approach for the business, which is 68% owned by Glaxo and 32% by **Pfizer** Inc. A successful deal would be Unilever's largest-ever acquisition and greatly expand its presence in oral care and vitamins as well as give it a new foothold in over-the-counter medicines.

Glaxo said Saturday that Unilever had made three proposals late last year, which it rejected on the basis that they undervalued the business and its future prospects.

The latest proposal, received on Dec. 20, valued the business at £50 billion—equivalent to about $68.4 billion—and was made up of £41.7 billion in cash and £8.3 billion in shares, it said.

The unexpected approach for the business, which Glaxo has been preparing to spin off later this year, was widely questioned by analysts over price, strategic fit and the ability of Unilever's management to pull off such a sizable deal. Unilever's shares fell 7% in London Monday.

Unilever, which has been under pressure to accelerate growth, defended the rationale for such a deal, saying Monday that health, beauty and hygiene offer higher rates of growth thanks to the potential for innovation.

The company also said it could benefit from its existing footprint in such categories in emerging markets like China and India.

Chief Executive Alan Jope told reporters on a call that the company is attracted to consumer health because it is a relatively unconsolidated sector with promising growth prospects as people age and become wealthier.

In recent years, consumer-goods giants have sought to add health and wellness brands as shoppers spend more on self-care and products meant to stave off sickness or slow aging.

Nutrition products have been a particularly strong seller during the pandemic. Last year, Nestlé SA agreed to buy the main brands of vitamins maker Bountiful Co. for $5.75 billion, while Unilever in November said it would buy Los Angeles-based vitamins maker SmartyPants.

Unilever said big acquisitions to fulfill its strategic ambitions would be accompanied by the sale of lower-growth brands and businesses. "This is

Please turn to page B2

◆ Heard on the Street: Health kick is wrong remedy........ B10

Tesla Asked Law Firm To Fire Attorney

A partner at law firm **Cooley** LLP got an unexpected call late last year from a **Tesla** Inc. lawyer delivering an ultimatum.

By Rebecca Elliott, Justin Scheck and Drew FitzGerald

Elon Musk, Tesla's CEO and the world's richest man, wanted Cooley, which was representing Tesla in numerous lawsuits, to fire one of its attorneys or it would lose the electric-vehicle company's business, people familiar with the matter said.

The target of Mr. Musk's ire was a former U.S. Securities and Exchange Commission lawyer whom Cooley had hired for its securities litigation and enforcement practice and who had no involvement in the firm's work for Tesla. At the SEC, the attorney had interviewed Mr. Musk during the agency's investigation of the

Please turn to page B4

BlackRock Says Profit Is Key to Green Push

BY JUSTIN BAER

Larry Fink's efforts to get companies to adopt climate-friendly policies have led some to call him an activist. The **BlackRock** Inc. chairman and chief executive prefers a different label: capitalist.

In his annual letter to the CEOs of the companies in which BlackRock invests, Mr. Fink said businesses that don't plan for a carbon-free future risk being left behind. The quest for long-term returns, and not politics, is what animates the money manager's efforts, he wrote.

"Stakeholder capitalism is not politics," Mr. Fink wrote. "It is not a social or ideological agenda. It is not 'woke.'"

Mr. Fink is responding to critics who say BlackRock shouldn't seek to influence companies' policies on governance, climate change and other hot-button issues.

Earlier Monday, West Virginia's treasurer said the state's Treasury investment board would no longer use a BlackRock fund after the money manager told companies to reduce their emissions to net zero by 2050. The state official, Riley Moore, said the stance damages West Virginia's economy.

"We focus on sustainability

Please turn to page B6

MARCO BELLO/REUTERS

The Agriculture Department said it expects the Florida crop will wind up smaller than the one that was ruined by Hurricane Irma.

Orange Juice Rises After Forecast

BY KIRK MALTAIS

Government agricultural forecasters said they expect the smallest Florida orange crop since World War II, touching off a rally in juice futures that were at their highest level in years because of the pandemic.

The U.S. Agriculture Department said last week that it expects Florida to produce 44.5 million 90-pound boxes of oranges this year, trimming its low expectations and predicting that the crop will wind up smaller than the one that was ruined by 2017's Hurricane Irma. If the forecast is accurate, it will be the smallest harvest since 1945.

The big culprit this time around, the Florida Department of Citrus said, is citrus greening, an incurable disease that thins the crowns of trees and saps their vitality.

Spread by invasive tree lice, greening has plagued Florida's groves since it was first detected there in 2005. In a report on Wednesday, the Agriculture Department said a lot more oranges than usual are on the ground, and the fruit that is being harvested is unusually small.

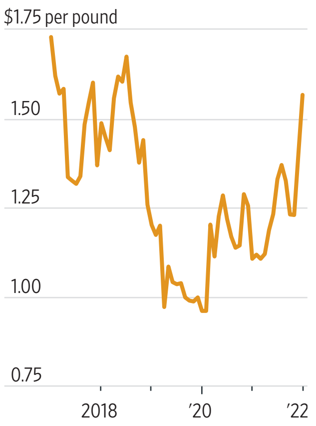
Frozen concentrated orange-juice futures ended Friday at about $1.50 a pound, up roughly 50% since the pandemic began. Futures jumped 5.1% on Thursday, after the Agriculture Department cut its expectations for the current crop. It was the best day for orange-juice futures since early in the pandemic, when Americans were stocking up for lockdown.

Pandemic demand paused a long decline in orange-juice consumption among Americans, who have shifted to less sugary drinks.

Supply of juice oranges, which in the U.S. are primarily grown in Florida, has declined

Please turn to page B9

Monthly frozen concentrate orange-juice futures price



Source: FactSet

Kohl's Faces Activist Pressure

BY CARA LOMBARDO

An activist investor is renewing a push to get department-store chain **Kohl's** Inc. to take action to boost its lagging stock.

Macellum Advisors GP LLC, which has a roughly 5% stake in Kohl's, has been urging the company to make changes including altering its board, people familiar with the matter said. Kohl's has so far rejected Macellum's request to add directors with retail experience or a shareholder to its board, the people said. The New York hedge fund, which was part of a group that ran a proxy fight at the retailer last year, expects to do so again.

Please turn to page B2

Walmart Faces Probe In China Over Meat

BY YIFAN WANG

A local Chinese regulator said it is investigating a **Walmart** Inc. Sam's Club store over food-safety issues, another sign of increased scrutiny by Chinese authorities of the U.S. retail company amid rising geopolitical tensions between Beijing and Washington.

The Bureau for Market Regulation in the southwestern city of Chengdu said on Sunday that it launched an investigation into the Sam's Club store in the Jinniu district. Sam's Club is a popular members-only wholesale retail chain that has been a business focus and a growth driver for Walmart in China.

The probe follows consumer complaints about spoiled beef, the regulator, a local branch of China's top market watchdog, said.

After initial sample checks, the regulator found that the product didn't meet standards and has ordered the store to recall all products from the same batch, it said.

The regulator said it also found improper practices at the store, including an imperfect system of rules and regulations, and overly high temperatures in its utility rooms.

Walmart didn't respond to a request for comment on Monday.

Walmart, the world's largest retailer, has faced heightened scrutiny in China in recent weeks, after the passage of a U.S. law that bans virtually all imports from the northwestern Chinese region of Xinjiang over forced-labor

Please turn to page B2

Luxury-Car Sales Surge as Cheaper Brands Lag Behind

BY WILLIAM BOSTON

BERLIN—Luxury-car brands such as Rolls-Royce, Bentley, Porsche and BMW have reported record sales, thanks to customers who crave them and manufacturers that directed scarce chips toward their most profitable models.

With international travel stalled during the pandemic and many avenues of flashy spending closed to them, a young generation of luxury-car consumers went on a shopping spree last year.

Meanwhile, manufacturers facing shortages of semiconductors prioritized certain models.

"We are hardly affected by the chip shortage," said Alain Favey, sales chief at Bentley Motors Ltd., which is owned by German auto maker **Volkswagen** AG.

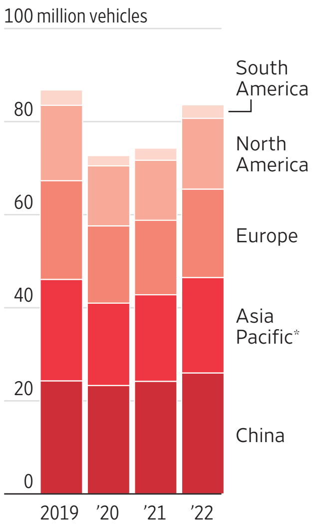
"The process in the VW group is very centralized. One of the elements to decide on allocation is the margin of profitability. From that perspective we are prioritized, so we managed to get all of the chips we needed," Mr. Favey said.

Other types of manufacturers dealing with a shortage of chips and other components have given priority to big-ticket products for similar reasons, making it harder for consumers to find cheaper alternatives.

Bentley sold 14,659 cars last year, an increase of 31% from the year before and a record for the company. Porsche, also owned by VW, sold 301,915 cars, an increase of 11% world-

Please turn to page B2

Global light vehicle production



*Excludes China
Note: 2021 is estimated and 2022 is projected
Source: Wards Intelligence/LMC Automotive

INDEX TO BUSINESSES

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

INDEX TO PEOPLE

BUSINESS & FINANCE

GILLES SABRIE/BLOOMBERG NEWS

The safety investigation centered on beef at a Sam's Club store in Chengdu. A Sam's Club in Beijing.

Walmart Probed In China

Continued from page B1

and human-rights concerns.

In late December, the Bentonville, Ark.-based retailer attracted anger on Chinese social media after internet users accused Walmart of having stopped stocking products from Xinjiang, where the Chinese government has conducted a campaign of forcible assimilation against religious minorities. Shortly afterward, following local media reports that Walmart wasn't selling products from Xinjiang, the company was warned by China's anticorruption watchdog.

Last week, authorities and state media drew attention to a roughly $50,000 fine against Walmart in 2021, an unusual move by regulators to publicly highlight small fines for past infractions.

Walmart hasn't publicly discussed the various actions by Chinese authorities.

Researchers say China's government has detained hundreds of thousands of mostly Muslim minorities in a network of internment camps in Xinjiang as part of an assimilation campaign, which they say also includes mass surveillance and stringent birth controls.

U.S. officials, along with some lawmakers from other Western countries and some human-rights activists, have said Beijing's treatment of mostly Muslim minorities in Xinjiang amounts to a form of genocide.

China's government rejects the allegation. It has described the camps as vocational training facilities designed to improve livelihoods and combat religious extremism.

Airlines Warn of Disruption Over 5G

By Alison Sider And Drew FitzGerald

The chief executives of major passenger and cargo airlines said there could be significant flight disruptions when new 5G service goes live in the U.S. this week, unless implementation of the wireless service within 2 miles of major airport runways is delayed.

The outlook had worsened for flight disruptions from the planned rollout of new high-speed wireless services, the airline executives said Monday in a letter to U.S. officials.

The executives asked that officials "take whatever action necessary to ensure that 5G is deployed except when towers are too close to airport runways until the FAA can determine how that can be safely accomplished without catastrophic disruption." The letter was addressed to several Biden administration officials including Transportation Secretary Pete Buttigieg and Federal Aviation Administration head Steve Dickson.

AT&T Inc. and **Verizon Communications** Inc. had planned to roll out the faster wireless internet service in early December. The plan hit hurdles after aviation regulators said they would need to implement flight restrictions to protect air traffic from the "C-band" frequencies that will carry the fifth-generation service.

Spokespeople for the two cellphone carriers declined to comment Monday. Wireless operator **T-Mobile US** Inc. isn't immediately affected by the restrictions because the C-band licenses it bought aren't available until late 2023.

Air-safety authorities have said that C-band signals could confuse aircraft radar altimeters—equipment used to determine a plane's altitude—potentially throwing off readings the devices take and pass to other systems. Telecom industry representatives dispute that claim.

AT&T and Verizon did agree to limit their cell towers' signals in buffer zones around some of the largest U.S. airports to address the FAA's concerns.

Airlines including **United Airlines Holdings** Inc. and **JetBlue Airways** Corp. began Monday evening to detail what they said could be the impact of the 5G deployment on their operations. United estimated 15,000 flights this year could be canceled, delayed or diverted. JetBlue Chief Executive Robin Hayes told employees in a memo: "Massive disruptions that pile onto what we are dealing with will only set back our recovery even further."

Luxury Brands' Sales Surge

Continued from page B1

wide. Both brands posted growth in the U.S., Europe, and China.

By comparison, VW's namesake brand, its biggest business by unit sales, struggled throughout the year to keep its factories operating because of the chip shortage. The main plant in Wolfsburg worked under capacity and had to scrap shifts throughout the year.

As a result, sales took a hit, falling 8.1% to 4.9 million vehicles world-wide. Sales in China, the brand's largest single market, dropped 14.8%.

VW's mixed performance reflects that of other mass-market manufacturers: While conventional sedans, hatchbacks and station wagons languished, sport-utility vehicles and new electric vehicles made big gains.

In the U.S., BMW grew sales by 21% as the top-selling luxury brand for the third year in a row, selling 336,644 vehicles. **Toyota Motor** Corp.'s Lexus came in second, selling 304,476 vehicles, or 11% more than the previous year.

KRISZTIAN BOCSI/BLOOMBERG NEWS

Porsche, owned by VW, sold 301,915 cars, an increase of 11% world-wide. A Berlin showroom.

Tesla Inc. was able to sidestep some of the chip shortage's impacts, and a full year of sales for its most recent Model Y SUV helped to increase global deliveries by 87%. In the U.S., Tesla outsold Mercedes-Benz, which reported U.S. sales of 276,102 vehicles in 2021. Tesla doesn't break out its sales by region, but Ward's Intelligence, a consulting firm, estimates that Tesla sold around 299,000 vehicles in the U.S. last year.

Rolls-Royce, owned by **Bayerische Motoren Werke** AG, whose tailor-made superluxury cars have starting prices of more than $300,000, sold a record 5,586 cars last year, up 49% from the year before.

Martin Fritsches, president of Rolls-Royce Motor Cars Americas, said buyers of superluxury cars like Rolls-Royce are younger today. The average age of a customer is about 43 years old, which means many of their clientele are in their 30s.

In part, Mr. Fritsches said, Rolls-Royce's wealthy customers have been sheltered from the hardships felt by many during the pandemic. They benefited more from the economic recovery, the cryptocurrency boom and soaring stock prices. And many of the buyers are first-time Rolls owners, he said, including young entrepreneurs who got rich on the stock market and cryptocurrencies.

New electric vehicles were another driver of growth. BMW, which fared better than many of its rivals in the chip squeeze, sold 2.5 million vehicles last year, an increase of 8.4%. Of the total, the company sold 103,855 fully electric vehicles.

"Our target for 2022 is to more than double the sales of fully electric vehicles," said Pieter Nota, BMW's sales chief. He said BMW was well supplied with chips throughout 2021 and through new direct relationships with chip makers he expected to get through 2022.

Mr. Nota said the effects of the chip shortage would likely continue to be felt in the first half of this year, but added that BMW's efforts to mitigate the crisis through orders and direct relationships with chip suppliers should help ease the impact again this year.

Porsche said its electric sporty sedan, the Taycan, outsold the company's iconic 911 sports car last year, marking a symbolic shift as even Porsche customers begin to embrace electric cars.

IHS Markit, a global industry consultant, is forecasting new light vehicle sales will rise 3.7% this year to 82.4 million vehicles, up from 2.9% in 2021 when growth was constrained by supply-chain disruptions. It expects new light vehicle sales in the U.S. will increase about 2.6% this year to 15.5 million vehicles.

With the onset of the pandemic and widespread factory shutdowns in 2020, auto production dropped about 16% from 2019 to 74.6 million vehicles, according to Wards Intelligence and LMC Automotive, consulting firm groups. They said the auto industry clawed back some of this last year, with global output rising about 2% to 76.2 million vehicles. They forecast that global output will rebound 13% to 85.8 million vehicles this year, still below pre-pandemic levels.

Despite record sales, Mr. Fritsches said Rolls-Royce will remain a small, intimate luxury brand focused on creating experiences for its customers. To appeal to younger customers, Rolls-Royce is connecting owners through an app called Whispers, which you can only access if you actually own a Rolls-Royce.

"Our customers look for the bespoke experience," Mr. Fritsches said. "I can guarantee you that volume is not and will never be a focus topic for us."

—Ben Foldy contributed to this article.

Unilever To Expand In Health

Continued from page B1

a portfolio rotation that would also include divestments," said Mr. Jope. "This is about improving the quality of Unilever, not necessarily the size."

Mr. Jope wouldn't be drawn on the likelihood of a fresh bid for Glaxo's consumer-health-care unit, other than to say that Unilever "would not overpay for any assets."

While the Glaxo business was an attractive option in consumer health, "it's not the only option," he added.

For many, Mr. Jope's comments offer the clearest intention yet of the company's plans to further de-emphasize food.

Although Unilever has sold food since its inception, with the company's roots in butter and margarine dating to the late 1800s, its food arm has grown more slowly than other businesses like beauty and personal care.

Unilever for years has faced calls to spin off or sell the division, which houses brands including Ben & Jerry's and Hellmann's mayonnaise.

Other major consumer-products companies such as Procter & Gamble Co., Reckitt Benckiser Group PLC and Colgate-Palmolive Co. are mainly focused on businesses like personal care, cleaning and consumer health, while others like Nestlé have exposure to categories viewed as more promising, such as coffee and pet food.

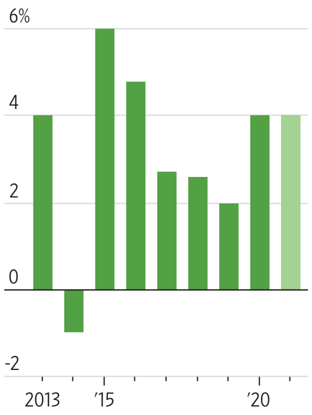
Mr. Jope said while Unilever has no immediate plans to separate its food and refreshments arm, the company would make disposals based on the long-term growth prospects of its various businesses. "It is true that food and refreshment's long-term growth profile has been below other parts of the portfolio," he said.

Unilever in recent years has sold off chunks of its food business. It sold its spreads unit for about $8 billion in 2018, and in November struck a roughly $5 billion deal to sell the bulk of its tea business.

Still, analysts criticized the approach for Glaxo's consumer-healthcare business.

"We think this is a very bad deal for Unilever shareholders," said Bernstein analyst Bruno Monteyne, adding that he thinks Unilever—already struggling to drive growth in its existing business—would struggle further to expand sales of the GSK consumer health business, which was growing slowly before the pandemic.

Annual sales growth at GlaxoSmithKline's consumer health division*



*Excludes brand that are under review or divested
Source: Bernstein

Kohl's Under Pressure

Continued from page B1

Kohl's shares rose for the first several months of 2021 but are down roughly 20% since the activists reached a settlement agreement in April 2021 and are trading below where they were two decades ago. The Menomonee Falls, Wis., company has a market value of around $7.2 billion.

Macellum is telling Kohl's that if it doesn't change its board, the company should hire bankers to explore a sale or other transaction. Macellum has told the company it thinks there are potential buyers that have shown interest.

Kohl's said it continuously examines all opportunities for maximizing shareholder value and that its strong performance in 2021 demonstrated its strategy is working. It said it plans to share more details about its strategic initiatives and capital-allocation plans at its investor day March 7.

Late last year, another activist hedge fund, New York-based Engine Capital LP, said it owned a roughly 1% stake and urged Kohl's to explore a sale.

Over the past year, Kohl's has made several changes, including reinstating a dividend and boosting its share repurchases. It is also investing in its new partnership with cosmetics chain Sephora and updating half of its over 1,000 stores.

Macellum, with a focus on retail, nominated nine directors early last year along with three other activists—including Macellum Chief Executive Jonathan Duskin—and urged Kohl's to monetize its real estate and make changes in its operations. Kohl's has said it previously concluded that such sale-leasebacks for its real estate wouldn't add value.

The group later reached a settlement agreement as Kohl's stock was rebounding that put two of its nominees and a third director on the board. The agreement barred Macellum and the other firms from agitating at the company until last week.

The window to nominate directors at Kohl's opened Jan. 12 and closes in mid-February.

Restaurants Limit Seating Over Omicron

Some chains curb operations and sell food for takeout only as the variant spreads

By Heather Haddon

Diners are feeling a sense of déjà vu as restaurants are again selling food for takeout only, closing dining-room seating or shortening hours as the Omicron variant of Covid-19 spreads.

Chains such as **Starbucks** Corp. and **Chipotle Mexican Grill** Inc. said they are temporarily limiting operations at individual stores or regions as they face labor shortages and a rise in Covid-19 cases. Other restaurant operators said more of their staff are testing positive for the coronavirus in the Omicron surge than during the growth of the earlier Delta variant and are voluntarily closing for stretches as a result.

"It's one day at a time," said Flynn Dekker, chief executive of the Korean fried-chicken chain **Bonchon Franchise** LLC. The chain closed its flagship Manhattan location for four days recently after a handful of staff members tested positive, he said.

The Omicron variant is bringing back some practices and uncertainty from the early days of the pandemic that many Americans had hoped were behind them, from the resumption of virtual learning at schools to thousands of canceled flights. Some diners said they have a hard time knowing whether local restaurants and cafes will be open, leading them to eat more at home.

Nora Traviss, a professor from Keene, N.H., said she has recently found her local Starbucks closed early or only serving customers in the drive-through, resulting in lines of cars.

"I never know what to expect, so for now, I've just stopped going altogether," said Ms. Traviss.

Starbucks and other restaurants said they have learned how to operate through the pandemic and have invested in the infrastructure to switch operations to delivery, drive-through or takeout as needed. Omicron, however, is still weighing on restaurant chains, with the Burger King restaurant operator **Carrols Restaurant Group** Inc., **Shake Shack** Inc. and **Denny's** Corp. among the companies reporting weaker sales last month as the virus spread.

"No one is immune to it," Shake Shack Chief Executive Randy Garutti said at a recent investor conference. He said reduced hours, some temporary restaurant closures and office workers going back to working from home are expected to hurt the chain's sales in its current quarter.

U.S. restaurant sales declined in the week ended Dec. 26 compared with the same period pre-pandemic, the first weekly decrease since last March, according to the restaurant analytics firm Black Box Intelligence.

Kura Sushi USA Inc. said earlier in January that Omicron cases among workers prompted the 35-unit chain to limit seating or operating hours at some of its restaurants, complicating its operations.

"It has had a meaningful impact on our sales," Kura Chief Executive Hajime "Jimmy" Uba told investors on the fallout from limiting dining rooms. The Irvine, Calif.-based chain said it expects the Omicron challenges to continue for several weeks.

Starbucks in early January switched all 19 stores in the chain's Buffalo, N.Y., market to drive-through or pickup because of rising cases there, a spokesman said.

Baristas at a Starbucks store in Buffalo who recently voted to unionize walked out from work earlier this month over conditions that they said weren't safe because of Covid-19. The walkout lasted for several days.

Starbucks said that the company exceeded federal Covid-19 guidelines for safety throughout the pandemic and that the chain allows store managers to make local operating decisions based on conditions, such as moving to takeout only, as in Buffalo.

The chain in early January shifted its Boston stores to takeout only to prepare for the city's proof-of-vaccination requirement for indoor spaces, he said. The company told employees late last month that it was experiencing more Covid-19 cases and exposures in its U.S. stores.

Some of Starbucks's nearly 9,000 U.S. cafes have modified store hours or service as the chain focuses on the safety of its employees and customers, the company said.

Many restaurant owners headed into the recent Covid-19 case surge saying they didn't have enough workers to fully operate. Nearly 7% of restaurant and hotel workers quit in November, with 920,000 employees leaving their jobs, the Labor Department said earlier in January. That was the largest total number of workers who quit of any industry category tracked.

Omicron has made the staffing situation worse, operators said.

Lindsay Mescher, owner of the Greenhouse Cafe in Lebanon, Ohio, said her staffing is increasingly erratic as more workers have been exposed to Covid-19 in the past few weeks. She limited her seating again in recent weeks, just six months after finally reopening her dine-in business following pandemic closures.

"At any given moment, I can find myself very short-staffed," said Ms. Mescher, who signed a letter to Congress advocating for more funds for independent restaurants last month.

DAVID PAUL MORRIS/BLOOMBERG NEWS

Chains such as Chipotle are limiting operations at some stores or regions as they face labor shortages.

GABBY JONES FOR THE WALL STREET JOURNAL

Citigroup is retaining its Covid-19 vaccine mandate for U.S. workers.

Vaccine Mandate Has Citigroup, GE On Divergent Paths

By Thomas Gryta And David Benoit

Citigroup Inc. is sticking with its Covid-19 vaccine mandate for its U.S. workers. **General Electric** Co. isn't.

The two American companies are going in opposite directions after the Supreme Court blocked Thursday the Biden administration's rule that big employers require their employees to get vaccines or submit to testing.

Citigroup, which has about 65,000 employees in the U.S., said it had reached 99% compliance one day before a Jan. 14 deadline the bank had set for U.S. workers to get vaccinated or request an accommodation for medical or religious reasons.

"Our goal has always been to keep everyone at Citi, and we sincerely hope all of our colleagues take action to comply," the company's human-resources chief Sara Wechter said in a LinkedIn post on Thursday after the high court's decision.

The bank previously told employees anyone who was still unvaccinated would be placed on unpaid leave, according to people familiar with the matter. Their employment would terminate on Jan. 31, the people said. Saturday, after a wave of last minute vaccinations, around 150 employees were being placed on leave, one of the people said. They could keep their jobs if they comply by the end of the month.

Citigroup and GE announced vaccine requirements for U.S. staff in October, after the Biden administration said large employers and government contractors would be required to enforce vaccination mandates. Both companies count the U.S. government as an important client.

At the start of 2021, GE had about 56,000 employees in the U.S. It originally told them they were required to get vaccinated or seek a religious or medical accommodation by early December. It suspended that policy in December after a court challenge temporarily blocked the rule for federal contractors.

The manufacturer still required U.S. employees to show proof of vaccination or submit to testing under the White House's mandate for companies with more than 100 workers, until the Supreme Court blocked that policy on Thursday.

GE on Friday suspended its remaining Covid-19 vaccine requirements, a spokeswoman said. The company said most of its employees are vaccinated and it was on track to comply with the federal contractor executive order before the court injunction.

Amazon Backs Off Threat to Ban U.K. Visa Cards

By Julie Steinberg

Amazon.com Inc. said customers can continue to make purchases with **Visa** Inc. U.K. credit cards, stepping back from a threat to block such transactions because of the card network's high fees.

Amazon in November told customers it would stop accepting Visa credit cards issued in the U.K. starting Jan. 19. On Monday, the online retailer said it would allow customers to keep using their cards past that date while it negotiates an agreement with Visa.

Online retailers such as Amazon are more reliant on credit cards and other digital payments and are especially sensitive to interchange fees. Card networks typically impose higher fees on online purchases because they are deemed more vulnerable to fraud.

When a shopper pays with a credit card, the merchant pays a fee to the bank that issued it. The fees, which can often run 2% or more, are set by card networks including Visa and Mastercard Inc.

Amazon has said higher interchange fees on credit-card transactions mean higher prices for shoppers. The fees have stayed high or risen, Amazon said in November, despite technological advances that should have sent them lower.

At the time, Visa said it was "disappointed that Amazon is threatening to restrict consumer choice."

Retailers and card networks have long clashed over interchange fees. Amazon has imposed a surcharge on Visa credit-card purchases in Singapore and Australia. Amazon and other big retailers have sued Visa, Mastercard and card-issuing banks, claiming that they collude to avoid competing over interchange fees.

Ant Unit Loses Out on Funding Deal

By Jing Yang

HONG KONG—**China Cinda Asset Management** Co., a state-owned financial institution, is pulling out of a planned large investment in the consumer-finance arm of Jack Ma's Ant Group Co., dealing a setback to the fintech giant's lending-business revamp.

Beijing-based Cinda, which is one of the country's four big bad-debt managers, said Thursday that its board of directors made the decision to back out "after further prudent consideration and negotiation" with the recently established Chongqing Ant Consumer Finance Co. It didn't provide more details.

Ant, which is in the midst of a restructuring, set up Chongqing Ant in June to house its consumer-lending business and comply with financial regulations. Ant owns half of the Chongqing unit, with the rest held by six other companies. Nanyang Commercial Bank, a subsidiary of Cinda, is the second-largest shareholder, with a 15% stake.

In December, Chongqing Ant said it was expecting to receive a $3.5 billion capital boost, with the equivalent of $943 million of that coming from Cinda.

That proposed share sale would have nearly quadrupled the registered capital of the business to 30 billion yuan, the equivalent of $4.7 billion. It would give Chongqing Ant a bigger balance sheet to make loans to individuals, paving the way for the company to take on Ant Group's existing consumer-lending portfolios. The planned additional investment by Cinda—a 20% stake—would have taken its total shareholding in Chongqing Ant to 24%.

Cinda's Hong Kong-listed shares tumbled 10% Friday after the company said it would no longer do the deal. The shares had jumped in late December.

Sunny Optical Technology (Group) Co. and Jiangsu Yuyue Medical Equipment & Supply Co., two other shareholders of Chongqing Ant that had also previously agreed to the capital raise, said Friday that they would postpone their investments in light of Cinda's decision.

NG HAN GUAN/ASSOCIATED PRESS
The lender had sought $943 million from Chinese state-owned Cinda.

Cinda's withdrawal from the December agreement now means Ant's consumer-finance arm will have to revise its capital-raising plans.

Chongqing Ant said Thursday that it fully respects Cinda's decision. The company added that with regulators' guidance it would hold discussions with investors, complete the proposal for increasing capital as soon as possible and rectify the consumer-finance business effectively.

It is a volatile time for China's top four bad-debt managers. The institutions were set up in the late 1990s to take on nonperforming loans from state-owned banks. Over the past two decades, however, these "bad banks" expanded aggressively into other businesses through deals and acquisitions, raising regulatory concerns.

The unchecked growth ran its course with the downfall of Lai Xiaomin, the former chairman of China Huarong Asset Management Co., another of the four bad banks. In January 2021, Mr. Lai was sentenced to death after he was found guilty of bribery and embezzlement. He was executed a few weeks later. In November, months after reporting huge losses, Huarong said it would receive a $6.5 billion capital infusion from state-owned financial institutions.

Regulators have since tightened their grip on all four bad-debt managers. The companies have been told to return to their origins and focus on their core business of managing bad loans and distressed assets. The Central Commission for Discipline Inspection, the Communist Party's antigraft watchdog showed last January that the four had consolidated or deregistered a total of 56 subsidiaries.

For Ant, the Chongqing unit will allow it to diversify its funding sources for loans made to millions of Chinese citizens and subject its consumer lending products to full regulatory oversight.

Jeffrey Katzenberg Taps Investor to Spot Tech Deals

By Erich Schwartzel

When he was growing up in Los Angeles, Anthony Saleh said he found entrepreneurial inspiration in the VHS cassettes of **Walt Disney** Co. classics such as "The Little Mermaid" and "Aladdin." After receiving the tapes for his birthday, he would rent them out to friends for 25 cents a night.

At the time, Mr. Saleh gave no thought to the company behind those movies, or the executive, Jeffrey Katzenberg, then largely responsible for their production throughout the 1980s and 1990s. Yet more than 25 years later, it is Mr. Saleh whom Mr. Katzenberg is turning to for help plotting a course out of the rubble formed when his first post-Hollywood venture, Quibi, imploded.

Mr. Saleh, 35 years old, has been Mr. Katzenberg's point of entry to the early-stage technology companies the mogul is evaluating far outside the Hollywood bubble, both men said. After managing music and investments for rapper Nas for more than a decade, Mr. Saleh is overseeing early-seed investing at Mr. Katzenberg's WndrCo, plugging the company into a lucrative but crowded venture-capital field following its high-profile failure with Quibi, the mobile-video app that shut after less than a year.

"Jeffrey can open any door, but he's never done tech investing," said Sujay Jaswa, a managing partner at WndrCo who met Mr. Saleh when he and Nas invested in **Dropbox** Inc., where Mr. Jaswa was chief financial officer.

Mr. Saleh's investments provide a road map for where WndrCo is focused after Quibi's demise, and so far have included **Dapper Labs**, the creator of NBA Top Shot, the digital collectibles company that has successfully ridden the cryptocurrency wave. Mr. Saleh's initial $150,000 investment on behalf of WndrCo is valued at roughly $11 million.

Mr. Saleh says his background in music, where he had to manage fans and their expectations, has helped him guide tech firms that want a similar relationship with users.

"I apply my understanding to other industries, because for technology to be adopted by the masses, these companies need to understand how consumers think," said Mr. Saleh.

After an initial $15 million investing portfolio, Mr. Saleh has started raising money for a new fund worth $100 million, according to a WndrCo filing with the Securities and Exchange Commission last year.

Mr. Saleh's investments function as a farm system for WndrCo at large, which can take larger stakes or potentially acquire the companies down the road, said WndrCo leadership. Quibi's failure was one reason Mr. Saleh has dropped the pursuit of media investments, he said.


DASHAUNAE MARISA FOR THE WALL STREET JOURNAL
Anthony Saleh is raising money for a $100 million fund.

"I had a supercalifragilistic down," is how Mr. Katzenberg, 71 years old, put the experience of Quibi's failure.

The short-form video app premiered in April 2020 to much fanfare, having raised nearly $2 billion and recruited stars such as Liam Hemsworth and Reese Witherspoon to contribute to shows for the service. But subscriptions never caught on and the entire venture folded after eight months.

Mr. Saleh and his team are capitalizing on a surge of interest in early-stage investments globally, in part spurred by the Covid-19 pandemic, which boosted sectors that benefit from lockdowns and an increased reliance on technology.

Colleagues describe Mr. Saleh as WndrCo's barometer of what is catching on in the broader culture. Last year, Mr. Saleh pushed one of WndrCo's high-profile investments, the cybersecurity company Aura, toward an endorsement deal with the National Basketball Association team the Minnesota Timberwolves, which put the Aura name on the team jerseys.

"He understands consumer behavior not by reading market research," said Mr. Jaswa of Mr. Saleh. "He's just in it."

Dapper Labs Chief Executive Roham Gharegozlou added that entrepreneurs today often want to be in touch with their audiences on a more cultural level, as opposed to "just software developers who don't want to meet their customers."

It is a shift in tech thinking that mirrors the entertainment industry's embrace of fandom, said Mr. Gharegozlou.

Tesla Sought Firing

Continued from page B1

Tesla chief executive's 2018 tweet claiming, wrongly, to have secured funding to potentially take the electric-vehicle maker private.

The probe resulted in a settlement in which Mr. Musk agreed to resign as chairman and pay a $20 million fine. He also agreed to have a Tesla lawyer review in advance tweets about certain topics, including the company's financial results, sales numbers and proposed business combinations.

Cooley has declined to fire the attorney, who remains an associate at the firm, the people said. Since early December, Tesla has begun taking steps in several cases to replace Cooley or add additional counsel, legal documents show. Mr. Musk's rocket company Space Exploration Technologies Corp., known as SpaceX, has stopped using Cooley for regulatory work, according to people familiar with the matter.

Neither Tesla, SpaceX, nor Mr. Musk responded to requests for comment.

The interaction with Cooley points to a bigger pattern for Mr. Musk: Long dismissive of regulators, he has recently aimed his ire at individuals with ties to regulatory agencies with which he has sparred.

Often, he expresses his displeasure on Twitter, where he has roughly 70 million followers. His comments often lead to an online army rallying to his cause.

This past fall, he turned his sights on a longtime critic of Tesla's advanced driver-assistance technology, Mary "Missy" Cummings, a researcher on how people interact with autonomous systems who was named as an adviser to the top U.S. auto safety regulator.

The agency had just opened an investigation into Tesla's advanced driver-assistance technology after a series of crashes in which Teslas ran into one or more parked emergency vehicles. Such probes can lead to recalls, and this was shaping up to be one of the agency's most extensive investigations to date of advanced driver-assistance technology.

> **Mr. Musk stands out for expressing his criticism in pointed remarks.**

Dr. Cummings, a Duke University engineering professor, had been critical of Tesla's advanced driver-assistance system known as Autopilot. A study published last year that she co-wrote found that the technology, which doesn't make vehicles autonomous, performed inconsistently.

Tesla has said that driving with Autopilot engaged is safer than doing so without it.

Mr. Musk, once her appointment became public, tweeted: "Objectively, her track record is extremely biased against Tesla." A barrage of online attacks on Dr. Cummings by Tesla supporters ensued, several of them vulgar.

A petition launched on Change.org called on the agency, the National Highway Traffic Safety Administration, to rescind her appointment over a perceived conflict of interest. The petition, which has since been removed from the platform, received tens of thousands of signatures.

In the wake of the outcry, the agency privately required Dr. Cummings to recuse herself from any Tesla-specific matters, according to people familiar with the matter.

A spokeswoman for the U.S. Department of Transportation confirmed Dr. Cummings's recusal. She didn't respond to a question about whether the social-media criticism influenced the decision.

It isn't unusual for companies to take issue with government officials they fear will hurt their interests, whether through campaign contributions to influence public policy or legal action.

Amazon.com Inc. and Facebook, now **Meta Platforms** Inc., have, unsuccessfully, sought the recusal of Federal Trade Commission Chair Lina Khan from antitrust matters involving the companies. Before taking the role, Ms. Khan had been critical of the online giants.

Mr. Musk stands out for expressing his criticism in pointed, sometimes disparaging and public remarks.

China Debt Woe Spreads

Country's largest developer by sales sees dollar bonds slide as Beijing curbs lending

By Rebecca Feng And Frances Yoon

Country Garden's bonds have fallen to 67.5 cents on the dollar. One of its projects in Shanghai.

Investors in Chinese property bonds can't catch a break, as a crisis of confidence spreads to stronger-looking developers that mostly avoided last year's selloff.

The most recent cause for concern: **Country Garden Holdings** Co. Ltd., which was China's largest developer by contracted sales last year, according to China Real Estate Information Corp. It is one of the few privately owned companies in the sector with much healthier credit ratings than its highly leveraged peers.

Until recently, Country Garden's dollar bonds had been largely insulated from the broader selldown triggered by government curbs on borrowing, declining home sales and the financial difficulties at rival China Evergrande Group.

On Monday, however, a Country Garden bond due in 2026 was quoted at 67.5 cents on the dollar, according to Tradeweb. The bond—which is rated investment-grade by two of the three major global credit-rating firms—has declined steeply in recent days, dropping by more than 20 cents on the dollar in three sessions.

Meanwhile, the company's stock fell 8.1% Monday in Hong Kong, to reach its lowest closing level in nearly five years, while shares in some smaller competitors such as Cifi Holdings (Group) Co. and Sunac China Holdings Ltd. also fell.

Analysts and investors said Country Garden's recent change of heart over a potential fundraising had helped unnerve investors.

Last week, the developer decided not to proceed with selling a convertible bond after bankers at Morgan Stanley and JPMorgan Chase & Co. failed to garner sufficient interest from investors for a potential $300 million deal, a person familiar with the matter said.

Country Garden said it had looked into different funding channels and engaged banks to offer different products, but "wouldn't consider issuing convertible bonds when market conditions aren't suitable."

In an emailed response to questions, Country Garden said it held more than 186 billion yuan, the equivalent of $29.3 billion, of cash as of June and had strong cash flow. The company said it recently issued onshore corporate bonds and asset-backed securities, reflecting its standing with investors and regulators.

The bond-market turmoil has mostly shut the market for new issuance of standard corporate bonds by developers, depriving them of a crucial means of refinancing coming dollar debt. Convertible bonds are different instruments that blend some of the features of shares and bonds, paying an interest rate to holders but giving them the chance to swap their debt for shares if the issuer's stock price hits a certain level.

Investors have cooled on some other comparatively strong developers in recent weeks, including Shimao Group Holdings Ltd., which has fallen behind on some payments due on trust loans. These are a form of shadow financing in China that is popular with the country's property companies.

Bonds from Logan Group Co. Ltd. have also fallen steeply in recent days, with one bond due 2023 dropping from 91.9 cents on the dollar a week ago to be bid at 62.8 cents on the dollar on Monday, according to Tradeweb.

Given weak investor sentiment, "even the stronger developers may experience volatility because of rumors and negative headlines," said Luther Chai, senior research analyst at CreditSights.

At the same time, downward pressure has emerged on bonds from junk-rated developers. A property-dominated ICE BofA index of Chinese high-yield dollar bonds was yielding 24.2% as of Friday, up from 18.6% at the end of 2021.

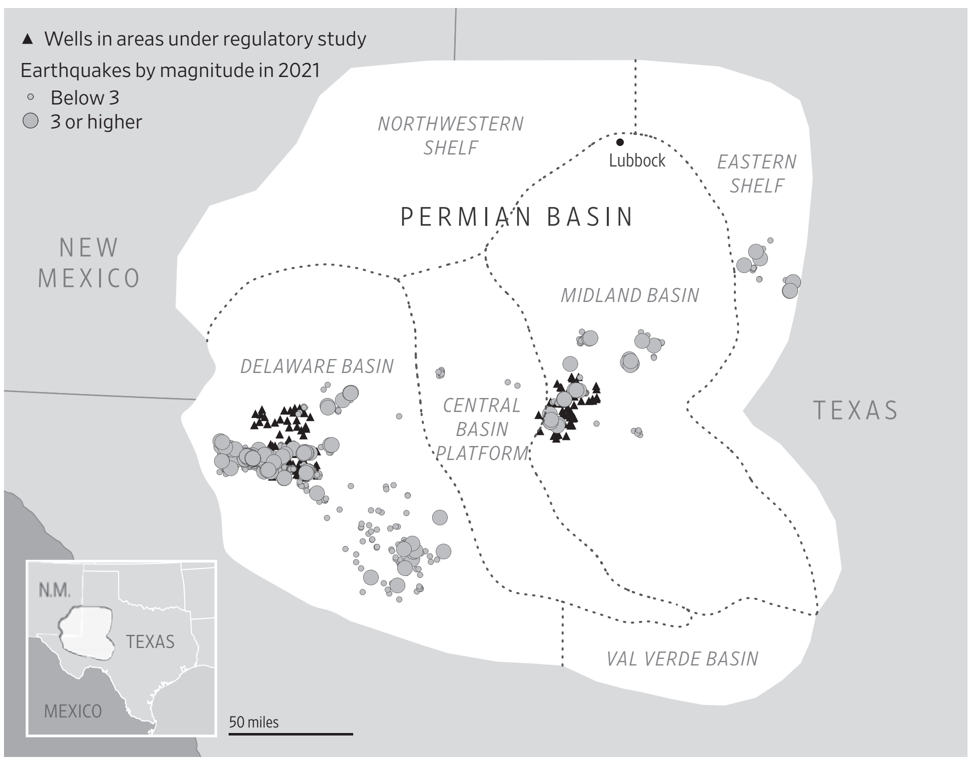
Country Garden has $411 million of dollar debt due next week, and another $700 million due in July. The company said it would use its own cash to repay the bond next week, and has prepared the funds needed. It will arrange payments for the July bond based on market conditions at that time.

The company has a Baa3 credit rating from Moody's Investors Service and an equivalent BBB- grade from Fitch Ratings, both on the lowest rung of investment grade. S&P Global Ratings gives the company a BB+ score, the highest non-investment-grade rating.

Quake Threat Weighs on Fracking

By Collin Eaton

Earthquakes with a magnitude of 3.0 or above jumped to 176 in 2021 from 9 in 2019. Industry regulators are working to mitigate seismic activity in some areas.



Source: Sourcenergy analysis of data from TexNet

Frackers in America's hottest oil field are facing an expensive new setback: earthquakes.

Shale companies in West Texas will have to pay more to move millions of barrels of wastewater that surfaces from oil wells and can aggravate tectonic fault lines when deposited underground. A recent spate of earthquakes prompted state regulators to stop companies from pumping as much water underground.

Most of the earthquakes have been relatively mild so far and have caused limited property damage. The rising number of earthquakes has led the Texas Railroad Commission, which regulates the oil industry, to shut or sharply reduce the capacity of scores of so-called disposal wells to protect nearby communities.

The wells are used by large oil companies including **Chevron** Corp., **ConocoPhillips** and **Coterra Energy** Inc. to inject wastewater into geologic formations. The limitations have left Permian Basin drillers to find other ways to transport wastewater, including high-cost trucking.

Trucking the water to disposal wells elsewhere is about five times the cost of using pipelines, according to shale executives and analysts. Some companies said they can avoid trucking by sending water through a network of pipelines to regions unaffected by seismic activity. The added expenses come as frackers are already facing higher costs from labor and supplies.

Permian producers' collective annual cost to jettison that water could increase, conservatively, by more than $200 million if they have to truck it all out, according to market intelligence firm Sourcenergy. If companies are unable to find new means of disposal, they may have to curtail tens of thousands of barrels a day of oil production.

The setback could also limit some producers' ability to increase output in response to the highest oil prices in years. Many that are forced to truck water elsewhere will likely have to shift drilling rigs away from the areas where the Railroad Commission concentrated its cutbacks, executives said.

"If you're forced to truck it, it's going to have a devastating impact on your lease operating expenses," said Richard Jennings, president of private West Texas oil producer Atlantic Operating II LLC, which says it operates shallow disposal wells unaffected by the restrictions.

In 2020, the latest year for which data is available, oil producers pumped about 342 million barrels of water into the saltwater disposal wells that the Railroad Commission began restricting last fall. The regulator acted after a sharp uptick in earthquakes, including near populated areas like Midland and Odessa.

The number of earthquakes with a magnitude of 3.0 or larger in the Texas portion of the Permian rose to 176 last year, up from 51 in 2020 and nine in 2019, according to Sourcenergy, which analyzed state seismic activity data.

U.S. seismologists have linked seismic activity to wastewater disposal in oil fields. In Oklahoma a few years ago, regulators moved to limit injections in some areas following a rise in earthquakes that damaged buildings and caused injuries.

The large volumes of injected water can increase pore pressure in certain geologic formations, and if faults run through those formations, the pressure can cause seismic events, scientists say.

The Railroad Commission in September curtailed the amount of water companies were permitted to inject into some wells near Midland and Odessa, and has since suspended some permits there and expanded the restrictions to other areas. It has said the suspensions are in effect until further notice.

The water that companies injected in 2020 into now-restricted wells would have exceeded the new limits by about 104 million barrels, according to Sourcenergy. It said the amount of water companies injected in those wells in 2021 was likely much higher as drillers brought new wells online.

If Chevron had to truck all of its excess water in 2020, it would have raised costs by $53 million a year, Sourcenergy estimates. For Coterra, the company formed by the combination of Cimarex Energy Inc. and Cabot Oil & Gas Corp., trucking all its excess water would have raised costs by $63.5 million.

Foreign Companies Sour on Saudi Deals Amid Surprise Costs

By Stephen Kalin And Justin Scheck

RIYADH—Saudi Arabia courted the world's top companies to modernize its economy. Instead, the business environment has grown more hostile and investors are souring on the oil-rich kingdom.

Uber Technologies Inc., **General Electric** Co. and other foreign firms were hit by surprise tax assessments often totaling tens of millions of dollars.

Construction company **Bechtel** Corp. sent some contractors home while it tried to collect on more than $1 billion in unpaid bills.

Bristol-Myers Squibb Co., **Gilead Sciences** Inc. and other drugmakers have complained unsuccessfully for years that their intellectual property was being stolen.

The result is foreign investment in Saudi Arabia has remained stubbornly low and some companies are scaling back their operations or delaying promised expansion plans.

That is a blow to Crown Prince Mohammed bin Salman, the country's de facto leader. He vowed in 2016 to build new industries unrelated to oil by improving the business climate and creating a global hub for innovation. Since then, reducing Saudi Arabia's dependence on oil has grown increasingly urgent as the global economy moves away from fossil fuels.

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 company to foreign investors.

One reason the number has stayed low is planned projects that didn't happen. Apple Inc.'s plans to open a flagship store in central Riyadh several years ago have languished. Triple Five Group, the developer of the Mall of America, pulled back from building a multibillion-dollar complex. And movie-theater company AMC Entertainment Holdings is ceding greater control to its Saudi government partner as it lags behind local rivals.

AMC says it is pleased with its progress in the kingdom. Apple declined to comment, and Triple Five didn't respond to a request for comment.

Businesses are attracted to Saudi Arabia's potential, "but economic practicalities are still being hammered out," said Robert Mogielnicki, resident scholar at the Arab Gulf States Institute think tank.

The Saudi investment ministry said interest in the country remains high, pointing to a 250% annual increase in new investor licenses in 2021.

Saudi Arabia has long been a tough place to do business, with a sluggish bureaucracy and poor human-rights record. Prince Mohammed sought to change that, promising reforms, holding lavish investment conferences and hobnobbing with Silicon Valley executives.

His efforts have borne some fruit. The easing of strict social norms led to new tourism and entertainment industries, and improved the quality of life for expatriate workers. The government rolled out a bankruptcy law, allowed full foreign ownership in certain sectors and streamlined some business services.

The investment ministry said it takes investors' concerns seriously and is constantly reviewing and evolving as needed. "Whether it was a small business or a big corporation, we continue to strive towards creating the best possible environment to do business," it said.

The prince's agenda stumbled in 2018 when men working for him killed journalist Jamal Khashoggi. That scuttled big deals including with Amazon.com Inc. and Richard Branson's space tourism venture.

Prince Mohammed failed to change many of the old deterrents to investment. Then Saudi Arabia added new ones.

The country tried to address a cash crunch by levying retroactive taxes on dozens of large foreign firms. In the past year

$5.4B

Foreign investment in 2020, below the target of $19 billion

and a half, companies including Uber and GE have faced huge tax liabilities and sometimes additional fines when their appeals were rejected.

Tax authorities offered the companies little recourse, prompting the State Department late last year to appeal unsuccessfully to the Saudi government for relief.

General Electric, Uber and Careem declined to comment.

The Saudi tax authority said the kingdom aspires to fair and efficient tax policy in line with international standards. It said it maintains full communication with taxpayers undergoing audits and gives them ample time to comply with requests.

The tax change came on top of an overnight tripling of the value-added tax rate in 2020. Such surprises have become commonplace, with new policies often undercutting previously stated objectives.

The government further rattled foreign companies when it ordered them to move their regional headquarters to Riyadh from Dubai or lose government contracts.

—Summer Said, Benoit Faucon and Rory Jones contributed to this article.

BlackRock CEO on Green Push

Continued from page B1

not because we're environmentalists, but because we are capitalists and fiduciaries to our clients," Mr. Fink wrote in his letter.

BlackRock is the world's largest asset manager, a $10 trillion colossus that ranks among the top shareholders in companies from **Apple** Inc. to **Xerox Holdings** Corp. The majority of those stocks are held in funds that track the makeup and the performance of indexes. But because index funds can't simply sell shares of companies when they are unhappy with their performance or leadership, firms like BlackRock have sought to nudge companies in other ways.

BlackRock made waves last spring when it voted to replace three Exxon Mobil Corp. directors over the oil giant's reluctance to quickly transition to cleaner energy sources. The high-profile proxy battle followed the money manager's decision, in January 2021, to reduce its own net greenhouse-gas emissions to zero by 2050. Later that year, BlackRock joined other financial-services firms in a pledge to bring their investment portfolios to net zero over time.

BlackRock executives have been fretting over how to position the firm in the wake of the Exxon vote, according to people familiar with the matter. Much thought has been given inside the company to the balancing act it must perform as it appeals to socially conscious investors while maintaining close ties with oil-and-gas companies and their supporters, the people said.

There are financial repercussions on both sides.

Last June, Texas passed a bill that requires state entities such as pensions to divest from companies that boycott the fossil-fuel industry. While it isn't clear how the law will ultimately be applied, many saw it as a warning shot at BlackRock and its peers, a group that risks losing billions of Texas pension dollars under management.

In his 2022 letter, his 10th, Mr. Fink sought to remind corporate leaders that BlackRock is on neither side of the political divide. Setting goals for companies to lower emissions, he wrote, is "critical to the long-term economic interests of your shareholders."

MARKETS DIGEST

Data are from Friday, January 14, 2022 unless otherwise noted.

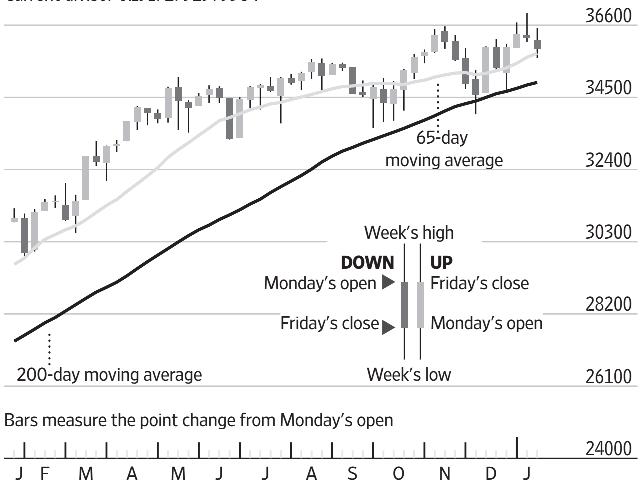
Dow Jones Industrial Average

35911.81 ▼319.85, or 0.88% last week

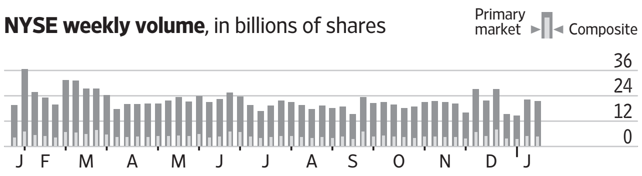
High, low, open and close for each of the past 52 weeks

	Last	Year ago
Trailing P/E ratio	21.91	30.58
P/E estimate *	18.59	25.45
Dividend yield	1.93	1.96
All-time high	36799.65, 01/04/22	

Current divisor 0.15172752595384



NYSE weekly volume, in billions of shares

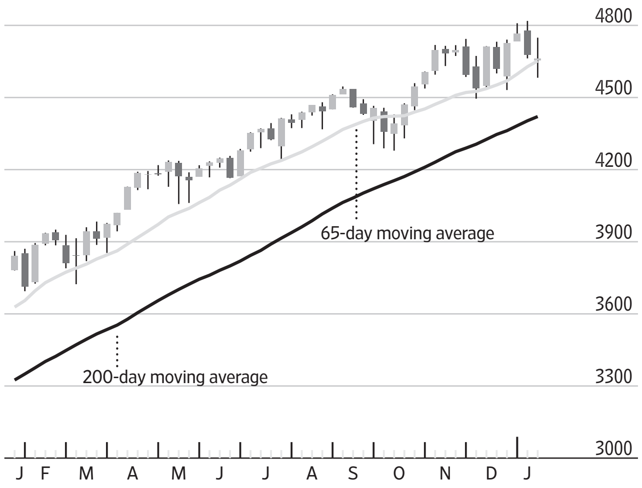


S&P 500 Index

4662.85 ▼14.18, or 0.30% last week

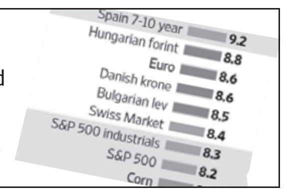
High, low, open and close for each of the past 52 weeks

	Last	Year ago
Trailing P/E ratio *	28.55	40.98
P/E estimate *	21.10	24.15
Dividend yield *	1.30	1.56
All-time high	4796.56, 01/03/22	



Track the Markets

Compare the performance of selected global stock indexes, bond ETFs, currencies and commodities at **wsj.com/graphics/track-the-markets**



* Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; † Based on Nasdaq-100 Index

Major U.S. Stock-Market Indexes Last Week

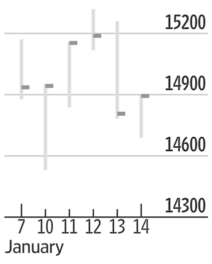
	Latest Week High	Low	Close	Net chg	% chg	52-Week Low	Close (●)	High	% chg	YTD % chg	3-yr. ann.
Dow Jones											
Industrial Average	36513.88	35639.91	**35911.81**	-319.85	**-0.88**	29982.62		36799.65	**16.5**	-1.2	**14.5**
Transportation Avg	16243.53	15718.36	**15904.96**	-363.81	**-2.24**	12087.99		17039.38	**22.9**	-3.5	**18.2**
Utility Average	969.19	945.80	**953.07**	-15.03	**-1.55**	795.61		980.78	**10.7**	-2.8	**11.1**
Total Stock Market	48293.19	46517.48	**47316.14**	-212.14	**-0.45**	39056.49		48929.18	**19.2**	-2.7	**21.1**
Barron's 400	1085.48	1061.59	**1075.24**	-5.71	**-0.53**	866.20		1127.2	**20.3**	-2.8	**18.5**
Nasdaq Stock Market											
Nasdaq Composite	15319.03	14530.23	**14893.75**	-42.15	**-0.28**	12609.16		16057.44	**14.6**	-4.8	**29.2**
Nasdaq-100	16017.39	15165.53	**15611.59**	19.40	**0.12**	12299.08		16573.34	**21.9**	-4.3	**33.6**
S&P											
500 Index	4748.83	4582.24	**4662.85**	-14.18	**-0.30**	3714.24		4796.56	**23.7**	-2.2	**21.8**
MidCap 400	2830.98	2736.59	**2782.64**	-10.50	**-0.38**	2340.12		2910.7	**14.8**	-2.1	**16.6**
SmallCap 600	1400.14	1359.63	**1388.27**	3.83	**0.28**	1188.71		1466.02	**14.6**	-1.0	**15.8**
Other Indexes											
Russell 2000	2210.28	2126.12	**2162.46**	-17.35	**-0.80**	2073.64		2442.74	**1.8**	-3.7	**14.7**
NYSE Composite	17442.54	16894.91	**17219.06**	52.78	**0.31**	14397.20		17353.76	**15.6**	0.3	**13.4**
Value Line	673.99	651.23	**663.47**	-1.19	**-0.18**	579.55		696.4	**10.9**	-1.3	**9.8**
NYSE Arca Biotech	5329.71	5103.65	**5256.11**	53.07	**1.02**	5190.28		6319.77	**-12.7**	-4.8	**3.9**
NYSE Arca Pharma	818.37	794.78	**801.08**	-9.38	**-1.16**	667.24		828.58	**13.0**	-3.2	**12.8**
KBW Bank	148.96	143.67	**147.10**	1.53	**1.05**	97.78		147.56	**37.6**	11.3	**17.1**
PHLX§ Gold/Silver	132.31	122.74	**128.54**	4.10	**3.29**	117.06		166.01	**-6.5**	-3.0	**21.8**
PHLX§ Oil Service	65.18	59.04	**65.05**	4.731	**7.84**	46.63		69.77	**24.9**	23.4	**-11.6**
PHLX§ Semiconductor	3992.23	3676.77	**3900.61**	104.29	**2.75**	2762.75		4039.51	**30.3**	-1.2	**48.4**
Cboe Volatility	23.33	17.36	**19.19**	0.43	**2.29**	15.01		37.21	**-21.2**	11.4	**0.2**

§ Nasdaq PHLX

Sources: FactSet; Dow Jones Market Data

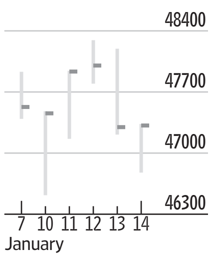
Nasdaq Composite

▼ 42.15, or -0.28% last week



DJ US TSM

▼ 212.14, or -0.45% last week



International Stock Indexes on Monday

Region/Country	Index	Close	Latest Net chg	% chg	YTD % chg
World	**MSCI ACWI**	744.84	0.43	0.06	−1.3
	MSCI ACWI ex-USA	347.04	0.50	0.14	0.8
	MSCI World	3176.19	3.07	0.10	−1.7
	MSCI Emerging Markets	1254.40	−3.06	−0.24	1.8
Americas	**MSCI AC Americas**	1784.69	0.94	0.05	−2.3
Canada	**S&P/TSX Comp**	21537.45	179.89	0.84	1.5
Latin Amer.	**MSCI EM Latin America**	2213.42	4.38	0.20	3.9
Brazil	**BOVESPA**	106373.87	−553.92	−0.52	1.5
Chile	**S&P IPSA**	2913.57	−8.66	−0.30	3.8
Mexico	**S&P/BMV IPC**	53973.27	228.35	0.42	1.3
EMEA	**STOXX Europe 600**	484.51	3.35	0.70	−0.7
Eurozone	**Euro STOXX**	477.10	2.81	0.59	−0.4
Belgium	**Bel-20**	4249.63	3.78	0.09	−1.4
Denmark	**OMX Copenhagen 20**	1690.90	13.50	0.81	−9.3
France	**CAC 40**	7201.64	58.64	0.82	0.7
Germany	**DAX**	15933.72	50.48	0.32	0.3
Israel	**Tel Aviv**	2055.11	−0.79	−0.04	3.9
Italy	**FTSE MIB**	27688.56	144.60	0.52	1.2
Netherlands	**AEX**	781.32	−2.21	−0.28	−2.1
Russia	**RTS Index**	1474.99	−10.87	−0.73	−7.6
South Africa	**FTSE/JSE All-Share**	75593.47	433.26	0.58	2.6
Spain	**IBEX 35**	8838.71	32.11	0.36	1.4
Sweden	**OMX Stockholm**	974.00	−0.004	−0.0004	−6.1
Switzerland	**Swiss Market**	12633.21	107.58	0.86	−1.9
Turkey	**BIST 100**	2085.76	12.83	0.62	12.3
U.K.	**FTSE 100**	7611.23	68.28	0.91	3.1
U.K.	**FTSE 250**	22871.64	128.29	0.56	−2.6
Asia-Pacific	**MSCI AC Asia Pacific**	194.73	−0.48	−0.24	0.8
Australia	**S&P/ASX 200**	7417.30	23.44	0.32	−0.4
China	**Shanghai Composite**	3541.67	20.41	0.58	−2.7
Hong Kong	**Hang Seng**	24218.03	−165.29	−0.68	3.5
India	**S&P BSE Sensex**	61308.91	85.88	0.14	5.2
Japan	**NIKKEI 225**	28333.52	209.24	0.74	−1.6
Singapore	**Straits Times**	3287.95	5.97	0.18	5.3
South Korea	**KOSPI**	2890.10	−31.82	−1.09	−2.9
Taiwan	**TAIEX**	18525.44	122.11	0.66	1.7
Thailand	**SET**	1676.87	4.24	0.25	1.2

Sources: FactSet; Dow Jones Market Data

Commodities and Currencies

	Monday Close	Net chg	% Chg	YTD % chg
WSJ Dollar Index	89.26	0.08	**0.09**	-0.32
Euro, per dollar	0.8766	0.0006	**0.07**	-0.31
Yen, per dollar	114.62	0.43	**0.37**	-0.42
U.K. pound, in dollars	1.36	-0.003	**-0.23**	0.87

	Last Week Close	Net chg	% Chg	YTD % chg
DJ Commodity	985.04	18.05	**1.87**	4.10
Refinitiv/CC CRB Index	245.43	7.53	**3.17**	5.62
Crude oil, $ per barrel	83.82	4.92	**6.24**	11.45
Natural gas, $/MMBtu	4.262	0.346	**8.84**	14.26
Gold, $ per troy oz.	1816.50	19.50	**1.09**	-0.60
U.S. Dollar Index	95.15	-0.57	**-0.59**	-0.85
WSJ Dollar Index	89.19	-0.55	**-0.62**	-0.41
Euro, per dollar	0.8760	-0.0040	**-0.46**	-0.38
Yen, per dollar	114.20	-1.34	**-1.16**	-0.79
U.K. pound, in dollars	1.37	0.008	**0.62**	1.10

	52-Week Low	Close (●)	High	% Chg
DJ Commodity	750.18		993.12	**29.21**
Refinitiv/CC CRB Index	172.85		245.43	**40.05**
Crude oil, $ per barrel	52.20		84.65	**60.08**
Natural gas, $/MMBtu	2.45		6.31	**55.72**
Gold, $ per troy oz.	1677.70		1907.50	**-0.70**
U.S. Dollar Index	89.64		96.88	**4.82**
WSJ Dollar Index	84.89		90.50	**4.30**
Euro, per dollar	0.82		0.89	**5.82**
Yen, per dollar	103.49		116.13	**9.94**
U.K. pound, in dollars	1.32		1.42	**0.68**

New to the Market

IPO Scorecard B8

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	Shares (mil.)	Pricing Range($) Low/High	Bookrunner(s)
Week of 1/17	10/18 2021	Verdant Earth Technologies Ltd Renewable Energy: Its focus lies in decarbonizing economy through a network of green hydrogen projects, developing our net-zero energy infrastructure, and accelerating the uptake of green hydrogen in Australia and beyond.	**VDNT** Nq	**6.3**	7.00/ 9.00	Roth Capital Ptnrs
1/19	10/28 2021	Rhodium Enterprises Inc Software services provider.	**RHDM** Nq	**7.7**	12.00/ 14.00	B Riley Securities Inc, Cowen & Co, Needham
1/20	11/3 2021	Samsara vision Inc Vision solutions for AMD.	**SMSA** Nq	**4.2**	5.00/ 7.00	Fordham Financial Mgmt.
1/19	11/15 2021	Four Springs Capital Trust Real Estate Investment Trust - REIT.	**FSPR** N	**18.0**	13.00/ 15.00	MS, GS, WFS, Mizuho, Scotiabank, WR Securities, Nomura, Berenberg

Lockup Expirations

Below, companies whose officers and other insiders will become eligible to sell shares in their newly public companies for the first time. Such sales can move the stock's price.

Lockup expiration	Issue date	Issuer	Symbol	Offer price($)	Offer amt ($ mil.)	Through Friday (%)	Lockup provision
Jan. 20	Jan. 25, '21	EZGO Technologies	**EZGO**	4.00	11.2	**–68.8**	360 days
	July 20, '21	Twin Vee PowerCats	**VEEE**	6.00	15.4	**–35.3**	180 days
	July 21, '21	Zenvia	**ZENV**	13.00	161.5	**–53.7**	180 days
	July 20, '21	Paycor HCM	**PYCR**	23.00	360.8	**5.5**	180 days
	July 22, '21	Core Main	**CNM**	20.00	750.0	**22.3**	180 days
	July 22, '21	Couchbase	**BASE**	24.00	150.5	**–15.8**	180 days
	July 21, '21	Ryan Specialty Group Holdings	**RYAN**	23.50	1337.6	**53.6**	180 days
	July 21, '21	Zevia PBC	**ZVIA**	14.00	200.2	**–44.7**	180 days
	July 20, '21	VTEX	**VTEX**	19.00	304.0	**–60.1**	180 days
	July 23, '21	Xponential Fitness	**XPOF**	12.00	200.0	**19.3**	180 days
Jan. 22	July 26, '21	Candel Therapeutics	**CADL**	8.00	72.0	**–21.9**	180 days
	July 21, '21	Instructure Holdings	**INST**	20.00	250.0	**4.9**	180 days
	July 22, '21	Outbrain	**OB**	20.00	200.0	**–27.0**	180 days
	July 21, '21	Absci	**ABSI**	16.00	200.0	**–58.5**	180 days
	July 22, '21	Caribou Biosciences	**CRBU**	16.00	255.0	**–27.4**	180 days
	July 23, '21	Cytek BioSciences	**CTKB**	17.00	247.6	**–19.2**	180 days
	July 22, '21	Sophia Genetics SA	**SOPH**	18.00	234.0	**–21.5**	180 days

Sources: Dealogic; Dow Jones Market Data

Other Stock Offerings

Secondaries and follow-ons expected this week in the U.S. market

None expected this week

Off the Shelf

None expected this week

Public and Private Borrowing

Treasurys

Tuesday, January 18

Auction of 13 and 26-week bills; announced on Jan. 13; settles on Jan. 20

Thursday, January 20

Auction of 4 and 8-week bills; announced on Jan. 18; settles on Jan. 25

Auction of 10-year TIPS; announced on Jan. 13; settles on Jan. 31

A Week in the Life of the DJIA

A look at how the Dow Jones Industrial Average component stocks did in the past week and how much each moved the index. The DJIA lost 319.85 points, or 0.88%, 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 $30,226, or a gain of 0.75%, on the $30,000 investment, including reinvested dividends.

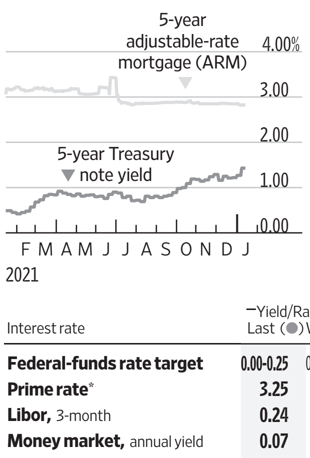
The Week's Action Pct chg (%)	Stock price change	Point chg in average*	Company	Symbol	Close	$1,000 Invested (year-end '21)
4.85	10.46	68.94	**Boeing**	BA	$225.96	**$1,122**
4.23	2.26	14.90	**Intel**	INTC	55.70	**1,082**
3.55	8.07	53.19	**Amgen**	AMGN	235.36	**1,046**
3.14	3.93	25.90	**Chevron**	CVX	128.96	**1,099**
2.77	1.64	10.81	**Dow**	DOW	60.74	**1,071**
2.20	10.09	66.50	**UnitedHealth Group**	UNH	468.69	**933**
2.12	4.75	31.31	**Caterpillar**	CAT	228.94	**1,107**
1.76	1.06	6.99	**Coca-Cola**	KO	61.39	**1,037**
1.34	1.08	7.12	**Merck**	MRK	81.38	**1,062**
1.28	2.92	19.25	**salesforce.com**	CRM	231.23	**910**
0.88	1.90	12.52	**Honeywell**	HON	217.65	**1,044**
0.85	0.46	3.03	**Walgreens**	WBA	54.30	**1,041**
0.52	0.90	5.93	**Apple**	AAPL	173.07	**975**
0.38	0.23	1.52	**Cisco**	CSCO	61.36	**974**
0.12	0.17	1.12	**Walmart**	WMT	145.06	**1,003**
–0.46	–0.62	–4.09	**IBM**	IBM	134.21	**1,004**
–0.67	–1.21	–7.97	**3M**	MMM	178.74	**1,006**
–1.06	–2.29	–15.09	**Visa**	V	214.67	**991**
–1.22	–3.84	–25.31	**Microsoft**	MSFT	310.20	**922**
–1.77	–0.96	–6.33	**Verizon**	VZ	53.28	**1,038**
–1.80	–2.93	–19.31	**Procter & Gamble**	PG	159.81	**977**
–1.82	–3.03	–19.97	**Travelers**	TRV	163.21	**1,043**
–3.43	–5.98	–39.41	**American Express**	AXP	168.40	**1,032**
–3.50	–9.35	–61.62	**McDonald's**	MCD	257.71	**961**
–3.51	–6.11	–40.27	**Johnson & Johnson**	JNJ	167.84	**981**
–3.73	–5.89	–38.82	**Walt Disney**	DIS	151.94	**981**
–4.17	–16.57	–109.21	**Goldman Sachs**	GS	380.94	**996**
–5.49	–21.61	–142.43	**Home Depot**	HD	372.00	**896**
–5.55	–9.27	–61.10	**JPMorgan Chase**	JPM	157.89	**1,003**
–5.60	–8.79	–57.93	**Nike**	NKE	148.18	**889**

*Based on Composite price. DJIA is calculated on primary-market price.
Source: Dow Jones Market Data; FactSet.

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year



Selected rates

Five-year ARM, Rate

Bankrate.com avg†:		**2.83%**
East Cambridge Savings Bank	Cambridge, MA	**2.38%** 866-354-3272
San Diego County Credit Union	San Diego, CA	**2.38%** 877-732-2848
Haven Savings Bank	Hoboken, NJ	**2.50%** 201-659-3600
Citadel Federal Credit Union	Exton, PA	**2.63%** 800-666-0191
Credit Union of New Jersey	Ewing, NJ	**2.63%** 609-538-4061

Interest rate	Yield/Rate (%) Last (●)	Week ago	52-Week Range (%) Low	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	**0.24**	0.24	0.11	0.24	**-2.54**
Money market, annual yield	**0.07**	0.07	0.07	0.10	**-0.46**
Five-year CD, annual yield	**0.42**	0.42	0.41	0.57	**-1.61**
30-year mortgage, fixed†	**3.53**	3.46	2.83	3.54	**-0.91**
15-year mortgage, fixed†	**2.85**	2.73	2.28	2.85	**-0.99**
Jumbo mortgages, $647,200-plus†	**3.55**	3.49	2.85	3.57	**-1.01**
Five-year adj mortgage (ARM)†	**2.83**	2.83	2.82	3.43	**-1.39**
New-car loan, 48-month	**3.51**	3.41	3.41	4.12	**-1.10**

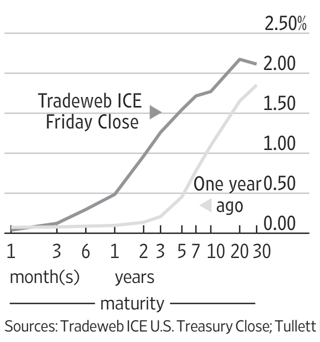
Bankrate.com rates based on survey of over 4,800 online banks. *Base rate posted by 70% of the nation's largest banks.† Excludes closing costs.

Sources: FactSet; Dow Jones Market Data; Bankrate.com

Benchmark Yields and Rates

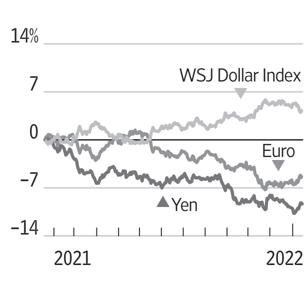
Treasury yield curve

Yield to maturity of current bills, notes and bonds



Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Sources: Tradeweb ICE U.S. Treasury Close; Tullett Prebon; Dow Jones Market Data

Corporate Borrowing Rates and Yields

Bond total return index	Yield (%) Last	Wk ago	Spread +/- Treasurys, in basis pts, 52-wk Range Last	Low	High	Total Return 52-wk	3-yr
U.S. Treasury, Bloomberg	**1.500**	1.450				-2.86	3.48
U.S. Treasury Long, Bloomberg	**2.140**	2.130				-4.87	7.42
Aggregate, Bloomberg	**2.040**	1.980	38	29	41	-2.47	4.11
Fixed-Rate MBS, Bloomberg	**2.290**	2.210	36	7	38	-2.45	2.45
High Yield 100, ICE BofA	**4.155**	4.217	268	247	340	3.244	6.024
Muni Master, ICE BofA	**1.119**	1.021	8	6	23	0.197	3.985
EMBI Global, J.P. Morgan	**5.301**	5.163	342	303	354	-2.583	4.514

Sources: J.P. Morgan; S&P Dow Jones Indices; Bloomberg Fixed Income Indices; ICE BofA

Currencies

U.S.-dollar foreign-exchange rates in late New York trading Monday

Country/currency	Mon in US$	Mon per US$	US$ vs, YTD chg (%)
Americas			
Argentina peso	.0096	104.0550	**1.3**
Brazil real	.1813	5.5169	**–1.0**
Canada dollar	.7990	1.2516	**–1.0**
Chile peso	.001216	822.51	**–3.5**
Colombia peso	.000250	4006.96	**–1.4**
Ecuador US dollar	1	1	**unch**
Mexico peso	.0493	20.2957	**–1.0**
Uruguay peso	.02243	44.5750	**–0.3**
Asia-Pacific			
Australian dollar	.7212	1.3866	**0.7**
China yuan	.1575	6.3488	**–0.1**
Hong Kong dollar	.1284	7.7904	**–0.1**
India rupee	.01347	74.255	**–0.3**
Indonesia rupiah	.0000698	14318	**0.5**
Japan yen	.008724	114.62	**–0.4**
Kazakhstan tenge	.002296	435.46	**0.1**
Macau pataca	.1245	8.0300	**–0.1**
Malaysia ringgit	.2390	4.1835	**0.4**
New Zealand dollar	.6796	1.4715	**0.6**
Pakistan rupee	.00568	176.000	**–0.1**
Philippines peso	.0195	51.207	**0.4**
Singapore dollar	.7416	1.3484	**–0.01**
South Korea won	.0008397	1190.97	**0.2**
Sri Lanka rupee	.0049378	202.52	**–0.2**
Taiwan dollar	.03633	27.523	**–0.7**
Thailand baht	.03020	33.110	**–0.4**
Vietnam dong	.00004399	22730	**–0.5**
Europe			
Czech Rep. koruna	.04666	21.432	**–2.0**
Denmark krone	.1533	6.5239	**–0.3**
Euro area euro	1.1408	.8766	**–0.3**
Hungary forint	.003206	311.89	**–3.9**
Iceland krona	.007781	128.52	**–1.0**
Norway krone	.1145	8.7318	**–0.9**
Poland zloty	.2521	3.9661	**–1.5**
Russia ruble	.01310	76.331	**2.1**
Sweden krona	.1109	9.0148	**–0.4**
Switzerland franc	1.0940	.9141	**0.2**
Turkey lira	.0744	13.4445	**0.9**
Ukraine hryvnia	.0353	28.3500	**3.7**
UK pound	1.3646	.7328	**–0.9**
Middle East/Africa			
Bahrain dinar	2.6529	.3770	**unch**
Egypt pound	.0636	15.7145	**0.02**
Israel shekel	.3214	3.1112	**0.1**
Kuwait dinar	3.3104	.3021	**–0.2**
Oman sul rial	2.5974	.3850	**unch**
Qatar rial	.2747	3.641	**–0.04**
Saudi Arabia riyal	.2665	3.7524	**–0.1**
South Africa rand	.0650	15.3853	**–3.5**

	Close	Net Chg	% Chg	YTD % Chg
WSJ Dollar Index	89.26	0.08	0.09	**–0.32**

Sources: Tullett Prebon, Dow Jones Market Data

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 any time other than month-end) by the latest 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, January 14, 2022

Fund (SYM)	NAV	Close	Prem /Disc	52 wk Ttl Ret
General Equity Funds				
Adams Diversified Equity **ADX**	22.02	19.12	-13.2	26.9
Boulder Growth & Income **BIF**	17.40	14.87	-14.5	36.3
Central Secs **CET**	48.89	42.39	-13.3	40.4
CohenStrsCEOppFd **FOF**	13.92	14.06	+1.0	19.7
EVTxAdvDivIncm **EVT**	NA	30.08	NA	33.1
GabelliDiv&IncTr **GDV**	29.47	26.88	-8.8	28.3
Gabelli Equity Tr **GAB**	6.40	7.20	+12.5	25.4
GeneralAmer **GAM**	51.53	43.27	-16.0	23.9
JHancockTaxAdvDiv **HTD**	26.03	26.31	+1.1	33.9
Liberty All-Star Equity **USA**	8.07	8.30	+2.9	29.5
Liberty All-Star Growth **ASG**	7.57	8.00	+5.7	2.0
Royce Micro-Cap Tr **RMT**	12.48	11.23	-10.0	15.8
Royce Value Trust **RVT**	19.62	18.47	-5.9	17.1
Source Capital **SOR**	46.10	43.14	-6.4	16.6
Sprott Focus Trust **FUND**	9.15	8.75	-4.4	28.7
Tri-Continental **TY**	36.42	32.43	-11.0	23.9
Specialized Equity Funds				
Aberdeen Glb Prem Prop **AWP**	6.80	6.56	-3.5	32.9
Adams Natural Resources **PEO**	21.42	19.00	-11.3	59.2
ASA Gold & Prec Met Ltd **ASA**	24.92	21.51	-13.7	2.3
BR Enh C&I **CII**	21.89	21.44	-2.1	28.7
BlackRock Energy & Res **BGR**	11.96	10.89	-8.9	45.1
BlackRock Eq Enh Div **BDJ**	10.51	10.15	-3.4	28.8
BlackRock Enh Glbl Div **BOE**	13.24	12.23	-7.6	19.2
BlackRock Enh Intl Div **BGY**	6.73	6.33	-5.9	14.6
BlackRock ESG Cap Alloc **ECAT**	20.06	18.47	-7.9	NS
BlackRock Hlth Sci Tr II **BMEZ**	23.58	22.48	-4.7	-19.4
BlackRock Hlth Sciences **BME**	45.23	45.92	+1.5	-2.4
BlackRock Innov and Grow **BIGZ**	14.31	13.49	-5.7	NS
BlackRock Res & Comm **BCX**	10.80	10.06	-6.9	26.6
BlackRock Sci&Tech Tr II **BSTZ**	34.37	32.97	-4.1	-0.3
BlackRock Sci&Tech Trust **BST**	48.25	47.66	-1.2	-0.4
BlackRock Utl Inf & Pwr **BUI**	25.07	26.39	+5.3	6.8
CLEARBRIDGE ENGY MDS OPP **EMO**	NA	24.89	NA	61.1
ClearBridge MLP & Midstm **CEM**	NA	30.37	NA	58.5
ChnStrInfr **UTF**	27.41	27.54	+0.5	9.0
Cohen&SteersQualInc **RQI**	17.19	17.01	-1.0	48.0
Cohen&Steers TotRet **RFI**	15.51	16.37	+5.5	34.3
CohenStrsREITPrefInc **RNP**	27.98	28.27	+1.0	37.5
Columbia Sel Prm Tech Gr **STK**	34.54	35.22	+2.0	36.9
DNP Select Income **DNP**	9.82	11.14	+13.4	18.0
Duff&Ph Uti&Infra Inc Fd **DPG**	14.01	14.40	+2.8	22.5
EtnVncEqtyInc **EOI**	NA	19.75	NA	28.6
EtnVncEqtyIncoII **EOS**	NA	22.97	NA	15.4
EVRskMnDvsEqInc **ETJ**	NA	10.50	NA	9.8
ETnVncTxMgdBuyWrtInc **ETB**	NA	17.22	NA	25.3
EtnVncTxMgdBuyWrtOpp **ETV**	NA	16.36	NA	16.5
EvTxMnDvsEqInc **ETY**	NA	14.69	NA	27.6
EtnVncTxMgdGlbB **ETW**	NA	11.05	NA	24.0
EVTxMnGblDvEqInc **EXG**	NA	10.65	NA	30.4
Ecofin S&S Impact Term **TEAF**	17.21	15.31	-11.0	21.2
First Trust Energy Inc G **FEN**	15.01	15.95	+6.3	42.3
First Tr Enhanced Eq **FFA**	20.92	21.38	+2.2	32.1
FirstTrEnergyInfra **FIF**	15.88	14.07	-11.4	30.9
FirstTrMLPEner&Inc **FEI**	8.56	7.85	-8.3	33.0
Gabelli Healthcare **GRX**	14.93	13.28	-11.1	17.2
Gab Utility **GUT**	4.21	8.08	+91.9	15.7
GAMCOGlGold&NatRes **GGN**	3.95	3.84	-2.8	21.2
J Han Finl Opptys **BTO**	43.13	46.50	+7.8	46.3
Neuberger Brmn MLP & EI **NML**	6.97	5.59	-19.8	48.5
Neuberger Nxt Gen Conn **NBXG**	17.59	15.69	-10.8	NS
NubrgrRlEstSec **NRO**	5.32	5.09	-4.3	33.8
Nuv Dow 30 Dyn Overwrite **DIAX**	18.08	17.83	-1.4	26.5
NuvCorEqAlpha **JCE**	17.20	17.50	+1.7	38.9
Nuveen Nasdaq 100 Dyn Ov **QQQX**	29.15	28.68	-1.6	18.9
Nuv Real Est **JRS**	12.78	12.26	-4.1	57.4
Nuveen Rl Asst Inc & Gro **JRI**	17.32	16.04	-7.4	28.6
NuvS&P500DynOvFd **SPXX**	18.58	18.42	-0.9	30.1
NuvSP500BuyIncFd **BXMX**	15.21	15.04	-1.1	27.7
ReavesUtilityIncome **UTG**	33.46	34.11	+1.9	11.8
Tortoise Enrgy Infra Crp **TYG**	36.77	29.55	-19.6	30.9
VAGIAI & Tech Opptys **AIO**	25.34	24.60	-2.9	6.4
VDivInt&PremStr **NFJ**	16.80	15.58	-7.3	22.7
Income & Preferred Stock Funds				
CalamosStratTot **CSQ**	18.46	18.66	+1.1	27.6
CohenStrsLtdDurPref&Inc **LDP**	25.17	26.00	+3.3	11.4
CohenStrsSelPref&Income **PSF**	25.75	25.63	-0.5	4.9
CohenStrsTaxAvPreSecs&I **PTA**	25.36	24.20	-4.6	2.5
Dividend and Income **DNI**	20.26	14.34	-29.2	34.0
FirstTrIntDurPref&Inc **FPF**	24.36	24.35	0.0	13.1
JHanPrefInc **HPI**	20.36	20.67	+1.5	19.6
JHPrefIncII **HPF**	20.12	20.62	+2.5	20.7
HnckJPfdInco III **HPS**	17.99	18.34	+1.9	18.5
J Han Prm **PDT**	15.18	16.67	+9.8	33.7
LMP CapInco **SCD**	NA	14.78	NA	34.4
Nuveen Multi-Asset Inc **NMAI**	19.81	19.05	-3.8	NS
Nuveen Pref & Inc Opp **JPC**	9.70	9.79	+0.9	14.9
Nuveen Fd **JPS**	9.60	9.69	+0.9	12.9
Nuveen Pref & Inc Term **JPI**	24.61	25.64	+4.2	15.3
TCW Strat Income **TSI**	5.68	5.67	-0.2	9.0
Convertible Sec's. Funds				
AdvntCnvrtbl&IncFd **AVK**	NA	17.52	NA	22.1
CalamosConvHi **CHY**	15.01	15.46	+3.0	14.1
CalmosConvOp **CHI**	14.22	14.70	+3.4	15.2
VAGI Conv & Inc II **NCZ**	5.21	4.87	-6.5	5.9
VAGI Conv & Inc **NCV**	5.82	5.55	-4.6	5.0
VAGI Dvs Inc & Conv **ACV**	28.47	34.76	+22.1	29.6
VAGI Eqty & Conv Inc **NIE**	31.32	28.74	-8.2	13.1
World Equity Funds				
Aberdeen Emg Mkts Eq Inc **AEF**	8.87	8.10	-8.7	1.8
Aberdeen Tot Dyn Div **AOD**	11.17	10.40	-6.9	22.8
Allspring Gl Div Oppty **EOD**	6.10	5.87	-3.8	28.9
BlackRock Capital Alloc **BCAT**	20.42	18.93	-7.3	-6.8
Calamos GloDynInc **CHW**	9.56	10.01	+4.7	12.0
China **CHN**	20.00	18.54	-7.3	-16.8
EV TxAdvGlbDivInc **ETG**	NA	22.40	NA	32.2
EtnVncTxAdvOpp **ETO**	NA	32.11	NA	33.5
FirstTr Dyn Euro Eq Inc **FDEU**	15.64	13.86	-11.4	21.8
Gabelli Multimedia **GGT**	8.13	8.81	+8.4	18.7
Highland Global Alloc **HGLB**	11.81	9.82	-16.9	61.5
India Fund **IFN**	24.33	22.20	-8.8	25.3
Japan Smaller Cap **JOF**	9.14	7.89	-13.7	-7.4
LazardGlbTotRetInc **LGI**	20.35	19.99	-1.8	20.2
Mexico **MXF**	NA	15.93	NA	15.5
MS ChinaShrFd **CAF**	21.84	19.78	-9.4	-5.5
MS India **IIF**	33.20	28.08	-15.4	36.3
MS CBRE Gl In Mg **MEGI**	20.47	20.24	-1.1	NS
New Germany **GF**	16.08	14.74	-8.3	9.0
Templeton Dragon **TDF**	18.17	16.63	-8.5	-22.2
Templeton Em Mkt **EMF**	18.21	16.30	-10.5	-10.9

Fund (SYM)	NAV	Close	Prem /Disc	12 Mo Yld
U.S. Mortgage Bond Funds				
BlckRk Income **BKT**	5.56	5.57	+0.2	7.3
Investment Grade Bond Funds				
Angel Oak FS Inc Trm **FINS**	17.57	16.49	-6.1	7.6
BlRck Core Bond **BHK**	15.03	15.02	-0.1	5.3
BR Credit Alloc Inc **BTZ**	14.78	14.16	-4.2	6.6
InvescoBond **VBF**	19.70	18.92	-4.0	3.2
J Han Income **JHS**	15.12	14.71	-2.7	5.1
MFS Intmdt **MIN**	3.55	3.48	-2.0	8.9
Western Asset Inf-Lk Inc **WIA**	NA	12.76	NA	10.6
Western Asset Inf-Lk O&I **WIW**	NA	13.00	NA	6.9
Westn Asst IG Def Opp Tr **IGI**	NA	20.65	NA	3.6
Loan Participation Funds				
Apollo Senior Floating **AFT**	NA	16.75	NA	6.0
BR Debt Strategy **DSU**	11.62	11.51	-0.9	6.2
BR F/R Inc Str **FRA**	13.95	13.80	-1.1	5.9
BlackRock Floatng Rt Inc **BGT**	13.55	14.06	+3.8	5.5
Blackstone Strat Cr **BGB**	14.51	13.70	-5.6	6.2
Eagle Point Credit **ECC**	NA	14.01	NA	11.7
EtnVncFltRteInc **EFT**	NA	14.85	NA	5.2
EV SenFlRtTr **EFR**	NA	14.46	NA	5.6
FT/Sr Fltg Rte Inc 2 **FCT**	12.33	12.19	-1.1	9.2
Highland Income **HFRO**	13.86	11.05	-20.3	8.4
InvDYCrOpp:AX **VTA**	12.47	NA	NA	NA
InvSnrIncTr **VVR**	4.63	4.47	-3.5	7.2
Nuveen Credit Strat Inc **JQC**	6.88	6.58	-4.4	10.0
NuvFloatRateIncFd **JFR**	10.44	10.47	+0.3	6.6
NuvFloatRteIncOppty **JRO**	10.34	10.34	0.0	6.6
Nuveen Senior Income **NSL**	6.13	6.04	-1.5	6.8
High Yield Bond Funds				
Aberdeen Inc Credit Str **ACP**	10.29	10.33	+0.4	11.7
AllianceBernGlHiIncm **AWF**	12.64	11.87	-6.1	6.4
Allspring Income Oppty **EAD**	8.99	8.68	-3.4	7.5
Barings Glb SD HY Bd **BGH**	17.98	17.05	-5.2	7.3
BR Corporate HY **HYT**	11.87	11.94	+0.6	7.5
BlackRock Ltd Dur Inc **BLW**	16.31	15.95	-2.2	6.9
BNY Mellon Hi Yield Str **DHF**	3.25	3.10	-4.6	8.2
Brookfield Real Asst Inc **RA**	20.06	21.83	+8.8	11.3
CrSuisHighYld **DHY**	2.53	2.47	-2.4	7.6
DELAWARE IVY HIGH INCOPP **IVH**	14.79	13.94	-5.7	6.1
DoubleLine Inc Sol **DSL**	16.75	15.90	-5.1	10.7
DoubleLine Yld Opps **DLY**	19.43	18.33	-5.7	7.4
First Tr Hi Inc Lng/Shrt **FSD**	15.91	15.16	-4.7	8.4
First Trust HY Opp:2027 **FTHY**	20.28	20.01	-1.3	7.8
KKR Income Opportunities **KIO**	NA	16.59	NA	7.4
Nuveen Global High Inc **JGH**	16.39	15.55	-5.1	8.1
PGIM Global High Yield **GHY**	15.98	15.16	-5.1	8.3
PGIM High Yield Bond **ISD**	16.85	16.02	-4.9	7.8
PGIM Sh Dur Hi Yld Opp **SDHY**	19.48	18.47	-5.2	7.6
PioneerHiIncm **PHT**	9.50	9.36	-1.5	8.1
WstAstHIF II **HIX**	NA	6.73	NA	8.2
Western Asset Hi Inc Opp **HIO**	NA	4.96	NA	7.0
Western Asset Hi Yld D O **HYI**	NA	15.05	NA	7.1
Other Domestic Taxable Bond Funds				
Allspring Multi-Sector **ERC**	12.25	12.64	+3.2	8.5
Apollo Tactical Income **AIF**	NA	15.84	NA	6.5
Ares Dynamic Crdt Alloc **ARDC**	NA	16.06	NA	7.1
BlackRock Mlt-Sctr Inc **BIT**	17.52	17.59	+0.4	8.1
BlackRock Tax Muni Bd **BBN**	24.60	24.54	-0.2	5.4
DoubleLine:Oppor Crdt Fd **DBL**	18.61	18.64	+0.2	7.1
EVLmtDurIncm **EVV**	NA	12.71	NA	9.1
Franklin Ltd Dur Income **FTF**	8.95	8.97	+0.2	10.2
J Han Investors **JHI**	18.04	18.75	+3.9	7.5
MFS Charter **MCR**	8.26	8.34	+1.0	8.1
NuvCorePlusImpact **NPCT**	18.94	17.47	-7.8	NS
Nuveen Taxable Muni Inc **NBB**	22.09	22.40	+1.4	5.5
PIMCO Corp & Inc Oppty **PTY**	13.99	16.16	+15.5	9.1
PIMCO Corp & Inc Strat **PCN**	14.15	17.02	+20.3	7.8
PIMCOHiInco **PHK**	5.72	6.19	+8.2	9.3
PIMCO IncmStrFd **PFL**	10.23	10.56	+3.2	9.5
PIMCO IncmStrFd II **PFN**	9.02	9.31	+3.2	9.7
Putnam Prem Inc **PPT**	4.40	4.25	-3.4	7.3
Western Asset Dvsfd Inc **WDI**	NA	18.89	NA	NS
World Income Funds				
Abrdn AP IncFd **FAX**	4.20	3.82	-9.0	8.6
MS EmMktDomDebt **EDD**	6.26	5.60	-10.5	6.9
PIMCO Dynamic Income **PDI**	24.02	25.67	+6.9	10.2
PIMCO Dynamic Inc Opp **PDO**	19.16	19.05	-0.6	NS
PIMCO Stratg Inc **RCS**	NA	6.65	NA	9.0
Templeton Em Inc **TEI**	7.54	7.25	-3.8	10.4
Templtn Glbl Inc **GIM**	5.42	5.16	-4.8	7.1
WstAstEmergDebt **EMD**	NA	12.29	NA	8.4
Western Asset Gl Cr D Op **GDO**	NA	16.98	NA	6.9
National Muni Bond Funds				
AllBerNatlMunInc **AFB**	15.08	14.24	-5.6	4.3
BlckRk Inv Q Mun **BKN**	16.19	17.66	+9.1	4.7
BlackRock Muni 2030 Tgt **BTT**	26.40	25.42	-3.7	2.8
BlackRock Muni **BFK**	14.40	14.98	+4.0	4.5
BlackRock Muni II **BLE**	14.73	14.84	+0.7	4.9
BlckRk Muni Inc Qly **BYM**	15.44	14.74	-4.5	4.4
BR MuniAssets Fd **MUA**	14.66	14.59	-0.5	4.0
BR MuniHoldings Qly **MFL**	14.93	14.08	-5.7	3.9
BR MH Qly 2 **MUE**	13.94	13.24	-5.0	4.4
BR MuniHoldngs **MHD**	16.90	16.02	-5.2	4.3
BR MuniVest Fd **MVF**	9.81	9.37	-4.5	4.2
BR MuniVest 2 **MVT**	15.28	15.44	+1.0	4.4
BR MuniYield Fd **MYD**	14.96	14.09	-5.8	4.5
BR MuniYield Qlty **MQY**	16.14	15.35	-4.9	4.9
BR MuniYld Qlty2 **MQT**	14.20	13.88	-2.3	4.4
BR MuniYld Qly 3 **MYI**	15.05	14.09	-6.4	4.1
BNY Mellon Muni Bd Infra **DMB**	14.39	14.19	-1.4	4.4
BNY Mellon Str Muni Bond **DSM**	8.22	8.03	-2.3	4.3
BNY Mellon Strat Muni **LEO**	8.58	8.17	-4.8	4.8
DWS Muni Inc **KTF**	12.47	11.56	-7.3	4.2
EVMuniBd **EIM**	13.75	12.99	-5.5	4.3
EVMuniIncm **EVN**	13.95	13.18	-5.5	4.1
EVNatMuniOpp **EOT**	21.76	21.57	-0.9	3.4
InvAdvMuIncTrII **VKI**	11.93	11.50	-3.6	4.7
Invesco MuniOp **OIA**	7.75	7.86	+1.4	4.6
InvescoMuOppTr **VMO**	13.37	13.30	-0.5	4.6
InvescoMuTr **VKQ**	13.39	NA	NA	4.7
InvescoQual Inc **IQI**	13.47	12.77	-5.2	4.5
InvTrInvGrMu **VGM**	13.79	13.18	-4.4	4.6
InvescoValMunInc **IIM**	16.37	15.56	-4.9	4.5
MAINSTAY:MK DEFTR MUN OP **MMD**	20.66	20.80	+0.7	4.6
NeubrgrBrm **NBH**	14.84	15.40	+3.8	4.8
Nuveen AMT-Fr Mu Val **NUW**	17.10	16.37	-4.3	2.7
Nuveen AMT-Fr Qlty Mun I **NEA**	15.57	14.66	-5.8	4.5
Nuveen AMT-Fr Mu CI **NVG**	17.13	16.66	-2.7	4.5
Nuveen Dyn Muni Opp **NDMO**	15.55	15.78	+1.5	5.5
Nuveen Enh Muni Val **NEV**	15.61	15.06	-3.5	4.5
Nuveen Int Dur Mun Term **NID**	14.76	14.43	-2.2	3.6
Nuveen Mu Crdt Opps **NMCO**	15.47	14.97	-3.2	4.7
Nuv Muni Credit Income **NZF**	16.85	16.32	-3.1	4.6
NuvMuniHiIncOpp **NMZ**	14.47	14.63	+1.1	5.1
Nuveen Muni Val **NUV**	10.56	10.19	-3.5	3.4
Nuveen Quality Muni Inc **NAD**	15.98	15.07	-5.7	4.4
Nuveen Sel TF **NXP**	16.18	15.58	-3.7	3.4
PIMCO MuniInc **PMF**	13.04	13.97	+7.1	4.2
PIMCOMuniIncII **PML**	12.10	14.20	+17.4	4.8
Pimco Muni III **PMX**	11.16	11.67	+4.6	4.3
PioneerHiIncAdv **MAV**	12.05	11.30	-6.2	4.8
PionrMuniHiIncOppty **MIO**	19.42	18.26	-6.0	NS
PioneerMunHiIcm **MHI**	12.99	11.88	-8.5	4.4
Putnam Mgd Inc **PMM**	8.17	8.04	-1.6	4.3
Putnam Muni Opp **PMO**	13.63	13.30	-2.4	4.4
RiverNorth Flx Mu Inc II **RFMZ**	19.77	19.05	-3.6	NS
RiverNorth Mgd Dur Mun I **RMM**	19.86	19.66	-1.0	5.4
Western Asset Mgd Muni **MMU**	NA	13.01	NA	3.8
Single State Muni Bond				
BlackRock CA Mun **BFZ**	15.60	14.08	-9.7	3.4
BR MH CA Qly Fd Inc **MUC**	15.50	15.02	-3.1	4.2
BR MH NJ Qly **MUJ**	15.60	14.87	-4.7	4.7
BR MH NY Qly **MHN**	14.74	13.91	-5.6	4.5
BR MuniYld CA **MYC**	15.86	14.59	-8.0	3.4
BR MuniYld CA Qly **MCA**	15.83	15.31	-3.3	4.1
BR MuniYld MI Qly **MIY**	15.42	14.85	-3.7	4.3
BR MuniYld NJ **MYJ**	15.72	14.92	-5.1	4.7
BR MuniYld NY Qly **MYN**	14.13	13.95	-1.3	4.3
BlackRock NY Mun **BNY**	14.68	14.62	-0.4	5.0
EVCAMuniBd **EVM**	12.27	11.29	-8.0	4.3
Eaton Vance NY Muni Bd **ENX**	13.16	11.83	-10.1	4.0
InvCaValMuIncTr **VCV**	13.39	13.14	-1.9	4.0
InvPAValMuIncTr **VPV**	14.09	13.19	-6.4	4.2
InvTrInvGrNYMu **VTN**	14.24	13.10	-8.0	4.2
Nuveen CA AMT-F Qual MI **NKX**	16.30	15.44	-5.3	4.2
Nuveen CA Val **NCA**	10.63	10.00	-5.9	3.0
NuveenCAQtyMuInc **NAC**	15.70	14.82	-5.6	4.1
NuvNJ Qual Muni Inc **NXJ**	16.21	14.61	-9.9	4.5
Nuveen NY AMT/Fr Qual MI **NRK**	14.78	13.37	-9.5	4.1
Nuveen NY Qual Muni Inc **NAN**	15.27	14.11	-7.6	4.1
Nuveen OH Qual Muni Inc **NUO**	17.20	15.61	-9.2	3.6
Nuveen PA Qual Muni Inc **NQP**	15.84	14.51	-8.4	4.5
Nuveen VA Qlty Mun Inc **NPV**	15.10	15.49	+2.6	3.4
PIMCO CA **PCQ**	13.81	18.00	+30.3	4.2
PIMCOCAMuniII **PCK**	8.92	9.24	+3.6	4.1

Fund (SYM)	NAV	Close	Prem /Disc	52 wk Ttl Ret
General Equity Funds				
Alternative Strategies:I	6.80	NA	NA	28.7
BOW RIVER CAPTL EVGN;II	NA	NA	NA	N
Specialized Equity Funds				
Aspiriant Rsk-Mgd RA	NA	NA	NA	NS
Bluerock Total Inc+ RE:A	33.88	NA	NA	21.9
Bluerock Total Inc+ RE:C	31.98	NA	NA	21.0
Bluerock Total Inc+ RE:I	34.62	NA	NA	22.2
Bluerock Total Inc+ RE:L	33.49	NA	NA	21.6
Bluerock Total Inc+ RE:M	31.99	NA	NA	NS
CBRE GlbRlEst **IGR**	9.88	9.37	-5.2	31.5
CIM RA&C A	26.43	NA	NA	9.9
CIM RA&C C	26.08	NA	NA	9.0
CIM RA&C I	26.53	NA	NA	10.1
CIM RA&C L	26.30	NA	NA	9.5
GS Real Est Div Inc:P	NA	NA	NA	NS
NexPointRlEstStrat;A	21.08	NA	NA	41.7
NexPointRlEstStrat;C	21.32	NA	NA	40.6
NexPointRlEstStrat;Z	21.31	NA	NA	42.1
PREDEX;I	29.40	NA	NA	22.0
PREDEX;T	29.57	NA	NA	21.9
PREDEX;W	29.57	NA	NA	21.9
Principal Dvs Sel RA A	27.25	NA	NA	10.4
Principal Dvs Sel RA Ins	27.31	NA	NA	10.6
Principal Dvs Sel RA Y	27.46	NA	NA	10.9
StoneCastle Financial Co **BANX**	NA	21.98	NA	NA
The Private Shares;A	41.62	NA	NA	22.1
The Private Shares;I	42.08	NA	NA	22.4
The Private Shares;L	41.18	NA	NA	21.8
Thirdline Real Estate I	10.02	NA	NA	NS
USQ Core Real Estate:I	28.40	NA	NA	19.6
USQ Core Real Estate:IS	28.43	NA	NA	19.6
Versus Cap MMgr RE Inc:I	30.41	NA	NA	NE
Versus Capital Real Asst	26.97	NA	NA	8.8
Wildermuth:A	13.59	NA	NA	7.0
Wildermuth:C	12.94	NA	NA	6.2
Wildermuth:I	13.71	NA	NA	7.2
Income & Preferred Stock Funds				
A3 Alternative Inc	8.06	NA	NA	-12.0
Calamos L/S Eqty and DI **CPZ**	22.09	20.65	-6.5	16.5
Destra Multi-Altrntv	12.20	NA	NA	5.7
First Trust Alt Opps;A	NA	NA	NA	NS
Flat Rock Opportunity	22.57	NA	NA	25.5
Lord Abbett Spec Sit I:A	9.99	NA	NA	NS
Lord Abbett Spec Sit I:I	9.99	NA	NA	NS
Variant Altrntv Inc:Inst	28.04	NA	NA	11.6
Variant Impact;Instl	25.09	NA	NA	NS
Zell Capital	NA	NA	NA	NS
Convertible Sec's. Funds				
Calmos Dyn Conv and Inc **CCD**	28.61	29.43	+2.9	-2.3
World Equity Funds				
ACAP Strategic:A	21.38	NA	NA	-19.7
ACAP Strategic:W	15.80	NA	NA	-19.1
Aspiriant Rsk-Mgd Cap Ap	NA	NA	NA	NS
CalamosGlbTotRet **CGO**	14.91	15.19	+1.9	6.8
Thornburg Inc Bldr Opps **TBLD.O**	20.46	19.52	-4.6	NS
VirtusTotalRetFd **ZTR**	9.16	9.57	+4.5	9.0

Fund (SYM)	NAV	Close	Prem /Disc	12 Mo Yld
U.S. Mortgage Bond Funds				
Arca US Treasury	NA	NA	NA	0.0
Loan Participation Funds				
1WS Credit Income;A2	NA	NA	NA	NS
1WS Credit Income;Inst	NA	NA	NA	6.1
AlphCntrc Prime Merid In	9.54	NA	NA	9.2
Axonic Alternative Inc	NA	NA	NA	11.9
Blackstone FR EI D	24.10	NA	NA	5.3
Blackstone FR EI I	24.07	NA	NA	5.6
Blackstone FR EI T	24.03	NA	NA	5.1
Blackstone FR EI T-I	24.62	NA	NA	5.1
Blackstone FR EI U	25.09	NA	NA	5.1
Bluestone Commnty Dev	9.91	NA	NA	2.5
BNYM Alcntr Glb MS Cr Fd	102.99	NA	NA	7.6
CliffwaterClFd;I	10.63	NA	NA	7.0
CliffwaterElFd;A	10.46	NA	NA	NS
CNR Strategic Credit	9.83	NA	NA	13.6
FedProj&TrFinanceTendr	9.90	NA	NA	2.1
Flat Rock Core Income	NA	NA	NA	6.7
InvDYCrOpp:A	12.47	NA	NA	NS
InvDYCrOpp:R6	12.47	NA	NA	NS
InvDYCrOpp:Y	12.47	NA	NA	NS
Invesco Sr Loan A	6.51	NA	NA	4.7
Invesco Sr Loan C	6.53	NA	NA	3.9
Invesco Sr Loan IB	6.51	NA	NA	4.9
Invesco Sr Loan IC	6.51	NA	NA	4.8
Invesco Sr Loan Y	6.51	NA	NA	4.9
OFS Credit Company **OCCI**	NA	13.39	NA	NA
Yieldstreet Prism	NA	NA	NA	7.8
High Yield Bond Funds				
Griffin Inst Access Cd:A	NA	NA	NA	6.1
Griffin Inst Access Cd:C	NA	NA	NA	6.1
Griffin Inst Access Cd:F	NA	NA	NA	6.1
Griffin Inst Access Cd:I	NA	NA	NA	6.1
Griffin Inst Access Cd:L	NA	NA	NA	6.1
Griffin Inst Access Cd:M	NA	NA	NA	NS
PIMCO Flexible Cr I;A-1	9.34	NA	NA	NS
PIMCO Flexible Cr I;A-2	9.34	NA	NA	8.0
PIMCO Flexible Cr I;A-3	9.34	NA	NA	7.7
PIMCO Flexible Cr I;A-4	9.34	NA	NA	7.7
PIMCO Flexible Cr I;Inst	9.34	NA	NA	8.5
WA Middle Mkt Inc	641.29	NA	NA	5.3
Other Domestic Taxable Bond Funds				
AFA MMC;Inst	9.94	NA	NA	NS
AFA MMC;Inv	9.93	NA	NA	NS
Alternative Credit Inc:A	11.06	NA	NA	6.3
Alternative Credit Inc:C	11.18	NA	NA	5.6
Alternative Credit Inc:I	11.08	NA	NA	6.6
Alternative Credit Inc:L	11.06	NA	NA	6.1
Alternative Credit Inc:W	11.05	NA	NA	6.3
Angel Oak Str Crdt:Inst	22.72	NA	NA	13.6
BR Credit Strat;A	9.87	NA	NA	5.5
BR Credit Strat;Inst	9.87	NA	NA	6.3
BR Credit Strat;U	9.87	NA	NA	NS
BR Credit Strat;W	9.87	NA	NA	NS
BlackRock Mlt-Sctr Oppty	83.14	NA	NA	7.6
BlackRock Mlt-Sec Opp II	86.25	NA	NA	7.2
Carlyle Tact Pvt Cred:A	NA	NA	NA	6.6
Carlyle Tact Pvt Cred:I	NA	NA	NA	7.1
Carlyle Tact Pvt Cred:L	NA	NA	NA	6.6
Carlyle Tact Pvt Cred:M	NA	NA	NA	6.3
Carlyle Tact Pvt Cred:N	NA	NA	NA	7.1
Carlyle Tact Pvt Cred:Y	NA	NA	NA	6.8
CION Ares Dvsfd Crdt;A	NA	NA	NA	5.4
CION Ares Dvsfd Crdt;C	NA	NA	NA	5.4
CION Ares Dvsfd Crdt;I	NA	NA	NA	5.3
CION Ares Dvsfd Crdt;L	NA	NA	NA	5.3
CION Ares Dvsfd Crdt;U	NA	NA	NA	5.3
CION Ares Dvsfd Crdt:U2	NA	NA	NA	5.3
CION Ares Dvsfd Crdt;W	NA	NA	NA	5.3
CNR Select Strategies	12.28	NA	NA	0.0
First Eagle Crdt Opps A	26.25	NA	NA	6.9
First Eagle Crdt Opps I	26.21	NA	NA	7.7
FS Credit Income;A	13.32	NA	NA	5.3
FS Credit Income;I	13.35	NA	NA	5.6
FS Credit Income;T	13.35	NA	NA	5.1
FS Credit Income;U	13.29	NA	NA	4.8
FS Credit Income;U-2	13.38	NA	NA	4.8
GL Beyond Income	0.47	NA	NA	NE
KKR CREDIT OPPTY;D	NA	NA	NA	7.7
KKR CREDIT OPPTY;I	NA	NA	NA	5.9
KKR CREDIT OPPTY;T	NA	NA	NA	5.2
KKR CREDIT OPPTY;U	NA	NA	NA	5.2
Lord Abbett Cred Opps Fd	10.57	NA	NA	6.1
Lord Abbett Cred Opps Fd	10.57	NA	NA	6.8
Lord Abbett Crd Op:U	10.57	NA	NA	6.1
Palmer Square Opp Inc	18.42	NA	NA	4.7
Thrivent Church Ln&Inc:S	10.35	NA	NA	2.5
World Income Funds				
BlueBay Destra Itl E:A	23.06	NA	NA	6.3
BlueBay Destra Itl E:I	23.07	NA	NA	6.5
BlueBay Destra Itl E:L	23.04	NA	NA	6.1
BlueBay Destra Itl E:T	22.99	NA	NA	5.8
Oaktree Dvsfd Income;D	9.90	NA	NA	NS
National Muni Bond Funds				
Ecofin Tax-Adv Soc Impct	9.71	NA	NA	4.1
Nuveen En HY Muni Bd:A	9.92	NA	NA	NS
Nuveen En HY Muni Bd:I	9.92	NA	NA	NS
PIMCO Flex Mun Inc;A-3	11.77	NA	NA	1.6
PIMCO Flex Mun Inc:A1	11.77	NA	NA	1.8
PIMCO Flex Mun Inc;A2	11.77	NA	NA	1.9
PIMCO Flex Mun Inc;Inst	11.77	NA	NA	2.3

Key Interest Rates

Data delayed due to the holiday

IPO Scorecard

Performance of IPOs, most-recent listed first

Company SYMBOL IPO date/Offer price	Friday's close ($)	% Chg From Offer price	% Chg From 1st-day close
Atlantic Coastal Acquisition II **ACABU** Jan. 14/$10.00	10.00	...	...
Papaya Growth Opportunity I **PPYAU** Jan. 14/$10.00	10.02	0.2	...
Andretti Acquisition **WNNR.UT** Jan. 13/$10.00	10.03	0.3	...
Consilium Acquisition I **CSLMU** Jan. 13/$10.00	10.03	0.3	...
TPG **TPG** Jan. 13/$29.50	32.79	11.2	–3.6
10X Capital Venture Acquisition III **VCXB.UT** Jan. 12/$10.00	10.10	1.0	0.1
Gores Hldgs IX **GHIXU** Jan. 12/$10.00	10.00	...	...
Hillstream BioPharma **HILS** Jan. 12/$4.00	2.85	–28.8	–18.1
Industrial Acquisitions II **ITAQU** Jan. 12/$10.00	10.03	0.3	–0.1
Western Acquisition Ventures **WAVSU** Jan. 12/$10.00	10.02	0.2	–0.1

Sources: Dow Jones Market Data; FactSet

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 January 14, 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 **I:** 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

Biggest weekly individual trades

Based on reports filed with regulators this past week

Date(s)	Company	Symbol	Insider	Title	No. of shrs in trans (000s)	Price range ($) in transaction	$ Value (000s)	Close ($)	Ytd (%)
Buyers									
Jan. 7-10	**Asana**	**ASAN**	D. Moskovitz	**CEO**	750	57.17-64.24	**45,490**	60.18	-19.3
Jan. 7	**Smartsheet**	**SMAR**	J. White	**DI**	150	63.07	**9,460**	62.70	-19.0
Jan. 5-6	**Cardlytics**	**CDLX**	C. Sosin	**BI**	71	62.73-62.85	**4,428**	65.37	-1.1
Jan. 5-6	**Party City Holdco**	**PRTY**	C. Sosin	**BI**	609	6.45-6.57	**3,974**	5.65	1.4
Jan. 10	**DocuSign**	**DOCU**	D. Springer	**CEOI**	19	127.85-129.74	**2,410**	130.44	-14.4
Dec. 31	**TMC the metals company**	**TMC**	A. Karkar	**DOI**	1,000	2.09	**2,090**	1.53	-26.4
Jan. 7-10	**EverQuote**	**EVER**	D. Blundin	**DO**	34	14.94-14.95	**511**	16.18	3.3
Jan. 6			D. Blundin	**DO**	20	14.97	**304**		
Dec. 22	**Petros Pharmaceuticals**	**PTPI**	J. Shulman	**DOI**	146	3.43	**500**	2.62	-21.3
Jan. 11-13	**Theseus Pharmaceuticals**	**THRX**	C. Gordon	**DOI**	45	9.43-10.67	**443**	11.73	-7.5
Jan. 10-11	**Merrimack Pharmaceuticals**	**MACK**	N. Levy	**DI**	106	3.83-4.00	**421**	4.64	18.7
Jan. 10	**Petco Health And Wellness**	**WOOF**	R. Coughlin	**CEO**	23	17.21	**401**	18.47	-6.7
Jan. 10	**Academy Sports And Outdoors**	**ASO**	B. Marley	**D**	10	39.46	**395**	38.41	-12.5
Jan. 11	**AngioDynamics**	**ANGO**	J. Clemmer	**CEO**	10	22.84	**228**	22.63	-17.9
Jan. 4	**Thor Industries**	**THO**	A. Graves	**D**	2	104.74	**209**	99.97	-3.7
Jan. 7	**Bed Bath Beyond**	**BBBY**	G. Arnal	**CFO**	15	13.81	**207**	15.46	6.0
Jan. 10	**Accelerate Diagnostics**	**AXDX**	J. Schuler	**DOI**	45	4.34	**196**	4.10	-21.5
Jan. 6	**Hallmark Financial Services**	**HALL**	S. Berlin	**D**	30	4.64	**139**	4.46	2.5
Sellers									
Jan. 11-12	**MongoDB**	**MDB**	D. Ittycheria	**CEO**	106	449.00-450.03	**47,736**	396.89	-25.0
Jan. 6			D. Ittycheria	**CEO**	85	414.46-439.92	**36,569**		
Jan. 12	**Alphabet**	**GOOG**	S. Brin	**DO**	14	2826.16-2855.07	**39,429**	2795.73	-3.4
Jan. 12			S. Brin	**DO**	14	2817.18-2847.80	**39,341**		
Jan. 11			S. Brin	**DO**	9	2737.19-2790.20	**23,629**		
Jan. 3-5	**Installed Building Products**	**IBP**	J. Edwards	**CEOI**	185	129.82-140.21	**24,881**	118.81	-15.0
Jan. 10	**Alphabet**	**GOOG**	S. Brin	**DO**	8	2664.01-2722.63	**22,330**	2795.73	-3.4
Jan. 11			S. Brin	**DO**	7	2794.61-2805.14	**19,347**		
Jan. 11			S. Brin	**DO**	7	2740.20-2793.55	**19,282**		
Jan. 10			S. Brin	**DO**	5	2725.13-2771.87	**15,127**		
Jan. 11-13	**Ares Management**	**ARES**	M. Arougheti	**CEO**	195	77.80-79.24	**15,255**	77.12	-5.1
Jan. 11	**Alphabet**	**GOOGL**	S. Brin	**DO**	5	2791.44-2803.62	**14,943**	2789.61	-3.7
Jan. 11-12	**Morningstar**	**MORN**	J. Mansueto	**H**	47	302.67-315.50	**14,455**	296.19	-13.4
Jan. 7	**Nike**	**NKE**	M. Parker	**OD**	81	157.50-160.27	**12,835**	148.18	-11.1
Jan. 4-5	**Tradeweb Markets**	**TW**	L. Olesky	**CEO**	137	91.17-96.31	**12,667**	91.71	-8.4
Jan. 5	**AES**	**AES**	A. Gluski	**CEO**	525	23.39-23.94	**12,474**	23.06	-5.1
Jan. 5	**Darden Restaurants**	**DRI**	E. Lee	**CEO**	77	151.89-152.89	**11,691**	143.00	-5.1
Jan. 11	**Vertex**	**VERX**	J. Westphal	**BI**	800	14.60	**11,680**	14.01	-11.7

* Half the transactions were indirect ** Two day transaction
p - Pink Sheets

Buying and selling by sector

Based on actual transaction dates in reports received this past week

Sector	Buying	Selling	Sector	Buying	Selling
Basic Industries	0	4,147,845	**Health care**	447,321	27,737,371
Business services	0	7,294,977	**Industrial**	117,663	11,230,387
Consumer durables	209,480	0	**Media**	0	887,397
Consumer nondurables	0	20,372,407	**Technology**	420,622	26,445,232
Consumer services	556,645	17,701,445	**Transportation**	0	585,200
Energy	4,836	3,991,053	**Utilities**	0	12,645,702
Finance	203,896	31,255,975			

Sources: Refinitiv; Dow Jones Market Data

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

Money Rates

January 17, 2022

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

	Latest	Week ago	52-Week High	52-Week Low
International rates				
Prime rates				
U.S.	**3.25**	3.25	3.25	3.25
Canada	**2.45**	2.45	2.45	2.45
Japan	**1.475**	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	**0.25**	0.25	0.25	0.10
Australia	**0.10**	0.10	0.10	0.10
Other short-term rates				
Libor				
One month	**0.10300**	0.10400	0.13088	0.07263
Three month	**0.24800**	0.23829	0.24800	0.11413
Six month	**0.41814**	0.38300	0.41814	0.14663
One year	**0.76671**	0.67686	0.76671	0.21950

January 14, 2022

Inflation	Dec. index level	Chg From (%) Nov. '21	Chg From (%) Dec. '20
U.S. consumer price index			
All items	**278.802**	0.31	7.0
Core	**283.908**	0.41	5.5

	Latest	Week ago	52-Week High	52-Week Low
International rates				
Prime rates				
U.S.	**3.25**	3.25	3.25	3.25
Canada	**2.45**	2.45	2.45	2.45
Japan	**1.475**	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	**0.25**	0.25	0.25	0.10
Australia	**0.10**	0.10	0.10	0.10
Overnight repurchase				
U.S.	**0.05**	0.05	0.09	-0.04
U.S. government rates				
Discount				
	0.25	0.25	0.25	0.25
Federal funds				
Effective rate	**0.0800**	n.a.	0.1000	0.0500
High	**0.1000**	0.0900	0.2000	0.0700
Low	**0.0500**	0.0500	0.0900	0.0000
Bid	**0.0800**	0.0800	0.7000	0.0300
Offer	**0.0900**	0.0900	0.1200	0.0500
Treasury bill auction				
4 weeks	**0.040**	0.050	0.125	0.000
13 weeks	**0.120**	0.090	0.120	0.015
26 weeks	**0.275**	0.220	0.275	0.030
Secondary market				
Fannie Mae				
30-year mortgage yields				
30 days	**2.968**	2.901	2.973	1.922
60 days	**3.015**	2.940	3.017	1.948
Other short-term rates				
Call money				
	2.00	2.00	2.00	2.00
Commercial paper (AA financial)				
90 days	**0.21**	0.16	0.22	0.04
Libor				
One month	**0.10329**	0.10529	0.13088	0.07263
Three month	**0.24129**	0.23614	0.24443	0.11413
Six month	**0.39500**	0.37643	0.39686	0.14663
One year	**0.72571**	0.66171	0.72571	0.21950
Secured Overnight Financing Rate				
	0.05	0.05	0.08	0.01

	Latest	Value Traded	52-Week High	52-Week Low
DTCC GCF Repo Index				
Treasury	**0.023**	13.700	0.102	-0.008
MBS	**0.032**	9.836	0.121	0.002

Notes on data:

U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective March 16, 2020. **Other prime rates** aren't directly comparable; lending practices vary widely by location; **Discount rate** is effective March 16, 2020. **Secured Overnight Financing Rate** is as of January 13, 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. **Federal-funds rates** are Tullett Prebon rates as of 5:30 p.m. ET.

Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; FactSet; Tullett Prebon Information, Ltd.

Cash Prices | wsj.com/market-data/commodities

Monday, January 17, 2022

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

	Monday
Metals	
Gold, per troy oz	
LBMA Gold Price AM	*1822.25
LBMA Gold Price PM	*1822.95
Silver, troy oz.	
LBMA spot price	*£16.8400
(U.S.$ equivalent)	*23.1000
Other metals	
LBMA Platinum Price PM	*979.0
Aluminum, LME, $ per metric ton	*2977.5
Battery/EV metals	
BMI Lithium Carbonate, EXW China, =99.2%-v,k	47500
BMI Lithium Hydroxide, EXW China, =56.5% -v,k	38850
Fibers and Textiles	
Cotlook 'A' Index-t	*130.45
Food	
Coffee,Brazilian,Comp	2.3943
Coffee,Colombian, NY	3.0125

Friday, January 14, 2022

	Friday
Energy	
Coal,C.Aplc.,12500Btu,1.2SO2-r,w	86.550
Coal,PwdrRvrBsn,8800Btu,0.8SO2-r,w	28.050
Metals	
Gold, per troy oz	
Engelhard industrial	1827.00
Handy & Harman base	1822.95
Handy & Harman fabricated	2023.48
LBMA Gold Price AM	*1822.40
LBMA Gold Price PM	*1820.35
Krugerrand,wholesale-e	1889.16
Maple Leaf-e	1907.33
American Eagle-e	1907.33
Mexican peso-e	2198.15
Austria crown-e	1783.53
Austria phil-e	1907.33
Silver, troy oz.	
Engelhard industrial	23.1500
Handy & Harman base	22.9450
Handy & Harman fabricated	28.6810
LBMA spot price	*£16.9400
(U.S.$ equivalent)	*23.2450
Coins,wholesale $1,000 face-a	18921
Other metals	
LBMA Platinum Price PM	*976.0
Platinum,Engelhard industrial	983.0
Palladium,Engelhard industrial	1877.0
Aluminum, LME, $ per metric ton	*2960.0
Copper,Comex spot	4.4115
Iron Ore, 62% Fe CFR China-s	126.8
Shredded Scrap, US Midwest-s,m	n.a.
Steel, HRC USA, FOB Midwest Mill-s	1400
Battery/EV metals	
BMI Lithium Carbonate, EXW China, =99.2%-v,k	39250
BMI Lithium Hydroxide, EXW China, =56.5% -v,k	32650
BMI Cobalt sulphate, EXW China, >20.5% -v,m	15151
BMI Nickel Sulphate, EXW China, >22%-v,m	5417
BMI Flake Graphite, FOB China, -100 Mesh, 94-95% -v,m	650
Fibers and Textiles	
Burlap,10-oz,40-inch NY yd-n,w	0.8175
Cotton,1 1/16 std lw-mdMphs-u	1.1945
Cotlook 'A' Index-t	*131.15
Hides,hvy native steers piece fob-u	38.000
Wool,64s,staple,Terr del-u,w	n.a.
Grains and Feeds	
Barley,top-quality Mnpls-u	n.a.
Bran,wheat middlings, KC-u	170
Corn,No. 2 yellow,Cent IL-bp,u	5.8300
Corn gluten feed,Midwest-u,w	192.3
Corn gluten meal,Midwest-u,w	607.8
Cottonseed meal-u,w	325
Hominy feed,Cent IL-u,w	165
Meat-bonemeal,50% pro Mnpls-u,w	210
Oats,No.2 milling,Mnpls-u	6.6750
Rice, Long Grain Milled, No. 2 AR-u,w	27.75
Sorghum,(Milo) No.2 Gulf-u	n.a.
SoybeanMeal,Cent IL,rail,ton48%-u,w	431.10
Soybeans,No.1 yllw IL-bp,u	13.4300
Wheat,Spring14%-pro Mnpls-u	10.6825
Wheat,No.2 soft red,St.Louis-u	7.6400
Wheat - Hard - KC (USDA) $ per bu-u	7.6650
Wheat,No.1soft white,Portld,OR-u	10.7250
Food	
Beef,carcass equiv. index	
choice 1-3,600-900 lbs.-u	236.18
select 1-3,600-900 lbs.-u	225.74
Broilers, National comp wtd. avg.-u,w	1.3421
Butter,AA Chicago	2.7250
Cheddar cheese,bbl,Chicago	196.00
Cheddar cheese,blk,Chicago	192.00
Milk,Nonfat dry,Chicago lb.	181.50
Coffee,Brazilian,Comp	2.3635
Coffee,Colombian, NY	2.9834
Eggs,large white,Chicago-u	1.2750
Flour,hard winter KC	21.65
Hams,17-20 lbs,Mid-US fob-u	n.a.
Hogs,Iowa-So. Minnesota-u	75.76
Pork bellies,12-14 lb MidUS-u	n.a.
Pork loins,13-19 lb MidUS-u	0.8925
Steers,Tex.-Okla. Choice-u	136.00
Steers,feeder,Okla. City-u,w	177.38
Fats and Oils	
Degummed corn oil, crude wtd. avg.-u,w	57.8600
Grease,choice white,Chicago-h	0.6100
Lard,Chicago-u	n.a.
Soybean oil,crude;Centl IL-u,w	0.6762
Tallow,bleach;Chicago-h	0.6700
Tallow,edible,Chicago-u	n.a.

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 1/13

Source: Dow Jones Market Data

LSE Seeks Listings for Private Companies

By Anna Hirtenstein

The London Stock Exchange Group is seeking to blur the line between public and private companies, part of a plan to attract fast-growing technology firms to list in the U.K. in the wake of Brexit.

The LSE has proposed the creation of a special market for private companies to trade their shares publicly on the exchange on certain days, according to a person familiar with the matter and proposals from the LSE to its regulators, the Financial Conduct Authority, and the U.K. Treasury, seen by The Wall Street Journal.

Private-company shares would trade publicly between one and five days in each trading window, once a month or quarter, or every six months. The companies wouldn't be subject to the same degree of regulatory oversight as a fully listed company, requirements that startup company founders say are deterrents to listing shares.

"The new venue type would act as a stepping-stone between private and fully public markets," the LSE wrote in a document it sent to the FCA and the Treasury on Dec. 21. It "should be seen as improving on the current options available to companies seeking to raise capital without imposing regulation that will inhibit growth."

Startup founders, their employees and early-stage investors would be able to raise cash by selling shares to retail and institutional investors. Large private companies would also be able to access the public market under the proposal. Tech firms such as banking app Revolut, buy-now-pay-later giant Klarna and money-transfer startup Wise could have used this route to raise money for their shareholders, the LSE said in the proposal.

An LSE representative said there is "potential for additional routes to market to support the widest range of companies through their funding lifecycle including helping them transition from the private to the public markets and indeed back again."

The program would require regulatory approval and legislative changes.

Representatives from the FCA and the U.K Treasury declined to comment.

In November, the U.K. government gave the FCA, its top financial policing organization, a secondary mandate to promote competitiveness in the financial sector in addition to maintaining financial stability and consumer protection.

London has struggled to attract young, fast-growing companies, with tech firms typically choosing to list in the U.S. or Asia. The recent boom in special-purpose acquisition companies, or SPACs, largely took place in the U.S. The U.K. revised stock-listing rules last year in a bid to make London more attractive to tech companies and SPACs.

The LSE has endured a longer-term decline in the number of companies listed on its exchange, with the total amount falling to 1,989 in 2020 from 2,365 five years earlier. Last year saw a moderate reversal, with listed companies rising to 2,017.

Under the LSE proposal, companies would be allowed to conduct private share transactions between the public trading windows. Companies also would be able to share inside information with major stakeholders in those periods without having to disclose it publicly, according to the proposal.

Before a public trading window, the company would be required to put out a "cleansing statement" disclosing material information, which is intended to level the playing field, the LSE wrote.

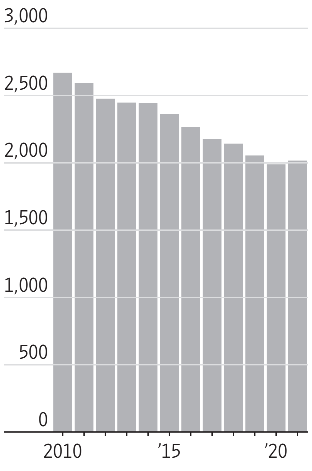
The LSE named the idea "MTF-lite," building on an industry term for a financial market known as a multilateral trading facility. If it goes forward, it would be the first exchange with this type of hybrid model for private companies to periodically access public investors.

There are existing markets for privately held shares in the U.S., run by Nasdaq Inc. and a number of competing startups such as Forge Global Inc. and EquityZen Inc.

But these trading venues aren't accessible to most individual investors. Under current regulations by the U.S. Securities and Exchange Commission, they are limited to accredited investors—people who meet certain wealth criteria, such as having a net worth of more than $1 million excluding one's home or an annual income above $200,000.

In the U.S., the SEC is working on a plan to force more disclosure about the finances and operations of private companies due to concerns about a lack of oversight in the fast-growing segment of the market, The Wall Street Journal reported.

Number of companies listed on the London Stock Exchange



Source: London Stock Exchange

LUKE MACGREGOR/BLOOMBERG NEWS

The LSE has endured a decline in the number of companies listed.

Chinese Rate Cuts Have Mixed Impact

By Anna Hirtenstein

Stocks in mainland China rose and Hong Kong stocks fell after the government cut interest rates to support its slowing economy.

U.S. markets were closed for Martin Luther King Jr. Day, and trading activity globally was light. The pan-continental Stoxx Europe 600 closed 0.7% higher. The Shanghai Composite Index climbed 0.6% and Japan's Nikkei 225 advanced 0.7%. Hong Kong's Hang Seng Index fell 0.7% and South Korea's Kospi Index slid 1.1%.

MONDAY'S MARKETS

Stocks globally have been buffeted in the first few weeks of the year by expectations about global central-bank policy and the rapid spread of the Omicron variant. Data out Monday showed Chinese growth decelerated in the fourth quarter, though it still came in above economists' forecasts. Underscoring concerns, the People's Bank of China cut two key interest rates, a move that will likely translate into lower benchmark lending rates.

China's economy and central-bank policy and what this means for global growth are key drivers of market sentiment, said Florian Ielpo, head of macro at Lombard Odier Investment Managers.

"China is on a very different path than the rest of the world, it is a striking difference," Mr. Ielpo said. "We are nervous about what's happening in China right now."

Other analysts saw the rate cuts in a more positive light. Chinese authorities are likely to step up policy support, both monetary and fiscal, said Dong Chen, head of Asia macroeconomic research at Pictet Wealth Management.

Chinese casino stocks jumped after Macau's cabinet drafted a new law on licensing that was milder than investors had feared. **Sands China** rose 15%, **Wynn Macau** added 12% and **Galaxy Entertainment Group** gained 7%.

Chinese developer **Country Garden** dropped 8%, declining for a fourth day as the turmoil in the country's real-estate market continued.

Investors are gearing up for another big week of U.S. earnings, with **Goldman Sachs** set to report Tuesday and **Bank of America** and **Morgan Stanley** scheduled for Wednesday. Household names such as **Procter & Gamble** and **United-Health** are slated to post results Wednesday, followed by **American Airlines** and **Netflix** on Thursday. "One of our major calls for 2022 is that banks will surprise to the upside," said Lale Akoner, a market strategist at BNY Mellon Investment Management.

More broadly, "wages are going higher, energy costs are still very elevated so inflation overall is going to pressure margins. This will definitely show in earnings in 2022," Ms. Akoner said. "Large-caps usually weather this better than small-caps."

Bitcoin fell 2.95% and traded at $41,740.57. It has declined around 38% from the high it notched in November.

Unilever shares tumbled over 7% after the consumer-goods company said over the weekend that it had approached **GlaxoSmithKline** and **Pfizer** about buying their consumer-health joint venture. Its latest proposal valued the unit at $68.4 billion. U.K.-listed GlaxoSmithKline shares rose nearly 4%.

Early Tuesday, the Nikkei was down up 0.8%, the Shanghai Composite was up 0.6% and the Hang Seng was up 0.4%. S&P 500 futures were flat.

STREETWISE | By James Mackintosh

Credit Suisse Highlights the Flaws Of Trying to Quantify ESG Risks

Wall Street's hottest investment trend is to score companies on environmental, social and governance criteria, in an attempt to steer investors away from potholes. **Credit Suisse**'s investors might have expected a corporate-governance disaster based on its ESG scores—but only if they picked the right ratings agency. With the Swiss bank achieving excellent, terrible or indifferent scores depending on the agency, one is almost bound to be right.

Credit Suisse has just lost its chairman, António Horta-Osório, who quit after it turned out he had repeatedly breached Covid-19 quarantine rules. The current chief executive got the job after the last one was forced out after the revelation that a former employee was spied on. Both had been trying to rebuild Credit Suisse after board reports about botched risk controls and heavy losses on lending to failed hedge fund Archegos Capital Management and supply-chain financier Greensill Capital.

Yet the rating agencies can't even agree on whether the bank's governance is a problem, let alone what its overall ESG score should be compared with global peers. This is symptomatic of one of the great difficulties for those who promote ESG as a way to use capitalism to change the world: If the experts have wildly differing opinions on a basic matter such as good governance, how can we expect agreement on more controversial topics such as the environment, employee relations or social impact?

Among the rating agencies, S&P Global was most critical of Credit Suisse's governance. It gave the bank 15% for corporate governance—putting it at 725th out of the 747 banks and diversified financial groups globally that S&P rates—and below JPMorgan Chase's 83% and Goldman Sachs's 89%.

Overall, Credit Suisse scored 57%, better than JPMorgan or Goldman, because S&P puts it well above average on environmental, social and economic aspects (oddly S&P lumps "governance" and "economic" together into one big category for the "G" in ESG).

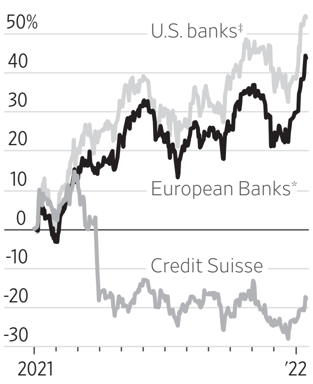
Refinitiv, owned by the London Stock Exchange Group, is the least critical of Credit Suisse. It gives the bank a score of 95% on its "management" category, focused on the board, and 81% for governance as a whole, in line with its overall ESG score and similar to JPMorgan and Goldman.

MSCI is in between. It ranks Credit Suisse as having average governance, alongside JPMorgan and Goldman Sachs, and gives it the same single-A rating, the third from top in a scale of seven.

Truvalue Labs, part of FactSet, puts Credit Suisse as below average overall, and gives it a score of 32% on governance—between JPMorgan's 34% and Goldman's 29%.

Sustainalytics, part of Morningstar, puts Credit Suisse slap in the middle of the world's banks, with medium ESG risk. It thinks JPMorgan is slightly riskier, and Goldman slightly less risky.

Total return in dollar terms



*Stoxx Europe 600 Banks index
‡KBW Nasdaq Bank index
Source: Refinitiv

Picking out the reasons for the different scores is tricky. Refinitiv's score is high because it separates out what it calls "controversies" into a separate area that doesn't affect the ESG score, while others often include them. Greensill, Archegos, spying and a Mozambique corruption scandal together cut 62 points from S&P's assessment of Credit Suisse's corporate governance, for example.

Other differences revolve around the importance put on different aspects of governance—such as board diversity, board policies, independent directors, separating chief executive and chairman roles—and on whether to use subjective assessments of what matters. There is a different approach to whether to infer or estimate in areas where companies don't disclose data, and whether a score suffers for lack of disclosure.

Credit Suisse is far from unique in having widely differing scores on single categories, and that results in companies having widely differing scores overall, too. For investors trying to put money to work in the "right" way this can be deeply frustrating, but it is inevitable, because there is no absolute truth or even widespread agreement on what is right.

Credit Suisse shows how hard it is even to get the experts in ESG to agree on what counts as good or bad governance. The "E" and "S" parts of ESG are far more difficult. Even if different rating providers could agree on how to assess the underlying data (they don't), questions with no right answer remain: How should carbon emissions be balanced against water use or impact on biodiversity? Is workforce safety more or less important than customer engagement? Is it more important to have equal pay by gender or by race? It is obvious that reasonable people can disagree, and investors have different priorities.

That contrasts with company credit ratings, which are usually very similar no matter which rating agency they come from. But morality doesn't enter into credit: All that matters is whether debts will be paid on time and there is widespread agreement between the major rating agencies both on the data and on what matters.

Perhaps the best way to think of ESG ratings is like the buy/sell/hold recommendations of Wall Street analysts: These are opinions. They will sometimes be right and sometimes wrong, and you might choose to pay attention to someone whose approach you respect.

THE TICKER | MARKET EVENTS COMING THIS WEEK

Tuesday

Empire Manufacturing
Dec., previous 31.9
Jan., expected 25.5

Earnings expected*
Estimate/Year Ago
Bank of America **0.77**/0.59
Bank of New York Mellon **1.01**/0.79
Charles Schwab **0.88**/0.74
Goldman Sachs Group **11.77**/12.08
PNC Financial Services Group **3.29**/3.26
Truist Financial **1.13**/0.90

Wednesday

Building permits
in millions
Nov., previous 1.712
Dec., expected 1.71

Housing starts
in millions
Nov., previous 1.679
Dec., expected 1.65

Mort. bankers indexes
Purch., previous up 2%
Refinan., prev. down 0.1%

Earnings expected*
Estimate/Year Ago
Kinder Morgan **0.26**/0.27
Morgan Stanley **1.94**/1.92
Procter & Gamble **1.65**/1.64
Prologis **0.71**/0.37
U.S. Bancorp **1.10**/0.95
UnitedHealth Group **4.30**/2.52

Thursday

EIA status report
Previous change in stocks in millions of barrels
Crude-oil stocks down 4.6
Gasoline stocks up 8
Distillates up 2.5

EIA report: natural gas
Previous change in stocks in billions of cubic feet
down 179

Existing home sales
in millions
Nov., previous 6.46
Dec., expected 6.43

KIRSTY GRIFFIN/NETFLIX/ASSOCIATED PRESS

Netflix is expected to post per-share earnings of 83 cents. Its 'The Power of the Dog.'

Initial jobless claims
Previous 230,000
Expected 225,000

Philadelphia Fed survey
Dec., previous 15.4
Jan., expected 18.6

Earnings expected*
Estimate/Year Ago
CSX **0.41**/0.35
Intuitive Surgical **1.28**/1.19
Netflix **0.83**/1.19
SVB Financial **6.53**/7.40
Travelers **3.87**/4.91
Union Pacific **2.61**/2.36

Friday

Leading indicators
Nov., previous up 1.1%
Dec., expected up 0.8%

Earnings expected*
Estimate/Year Ago
Ally Financial **1.96**/1.60
Huntington Bancshares **0.30**/0.27
IHS Markit **0.83**/0.72
Schlumberger **0.39**/0.22

* FactSet Estimates earnings-per-share estimates don't include extraordinary items (Losses in parentheses) ◆ Adjusted for stock split

Note: Forecasts are from Dow Jones weekly survey of economists

Orange-Juice Prices Increase

Continued from page B1

with demand. Citrus-bearing acreage in Florida is down by about half since 2001, as groves have made way for suburban sprawl or fallen victim to disease.

Orange-juice futures were trading around 10-year lows when the pandemic hit markets in February 2020. By the middle of that March orange-juice sales had jumped 10%, according to data from NielsenIQ.

The pandemic boost was short-lived, though. Consumption resumed its slide in recent months.

Still, a lot of traders are bullish on juice given the supply problems.

Hedge funds and other speculators in recent weeks have boosted their bets that prices will continue to increase, according to Commodity Futures Trading Commission data.

"We're seeing it's a commodity of interest at a time like this," said Peter Mooses, senior market strategist with RJO Futures. "There's a big demand for oranges."

Others aren't so sure. Orange supplies globally are expected to be robust.

Though drought and frost have hurt Brazilian crops, the U.S. Agriculture Department expects the harvest there to be 12% larger than the previous one.

Oranges coming from other places, such as Mexico, will also help offset declining U.S. output, said Brandon Saltmarsh, president of Home-Maker Juice, which has headquarters in Winter Park, Fla.

"The fundamentals do not support prices at these levels," Mr. Saltmarsh said. "There's still too much juice in the world."

—Ryan Dezember contributed to this article.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Credit Suisse Pressed to Show Change

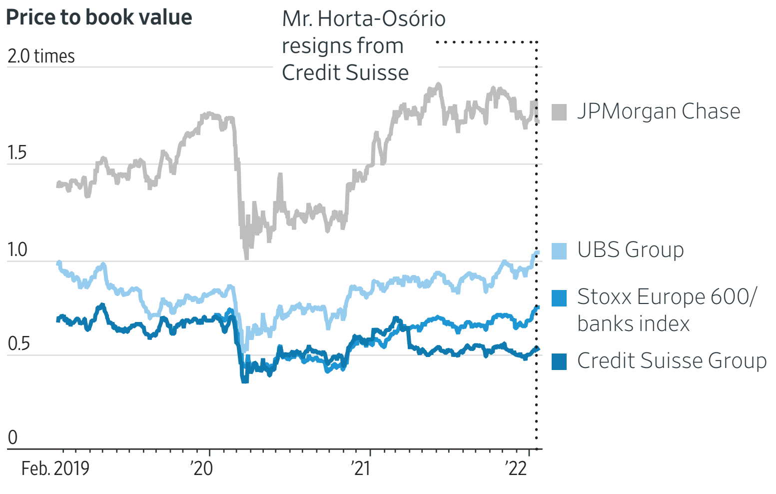
Swiss bank's new captain needs to show early turnaround progress

Credit Suisse's New Year's resolution for a steady, boring 2022 has already fallen by the wayside.

António Horta-Osório's surprise resignation late Sunday from the helm of the beleaguered lender raises the suspicion that his departure might be due to more than the chairman's stated coronavirus infractions. The outsider had promised to deliver a much-needed shake-up of the Swiss bank's culture. His exit puts pressure on successor Axel Lehmann to show that the transformation will continue.

Many investors expected Mr. Horta-Osório to weather his two breaches of Covid-19 quarantine rules with an apology and possibly a fine or some other small sanctions. His departure could mean that the board wants to demonstrate that rule breaking won't be tolerated, but there is a more worrisome interpretation: that the incidents presented an opportunity to get rid of someone who was making life uncomfortable.

The Portuguese banker built a reputation as a hands-on leader during his cleanup of Britain's Lloyds Banking Group after the 2008 financial crisis. He arrived last April at Credit Suisse tasked with overhauling a company hit hard by a spying scandal and big financial losses from the Archegos and Greensill affairs. Mr. Horta-Osório took the lead and made a number of senior personnel changes, including bringing Axel Lehman onto the board.



Source: FactSet

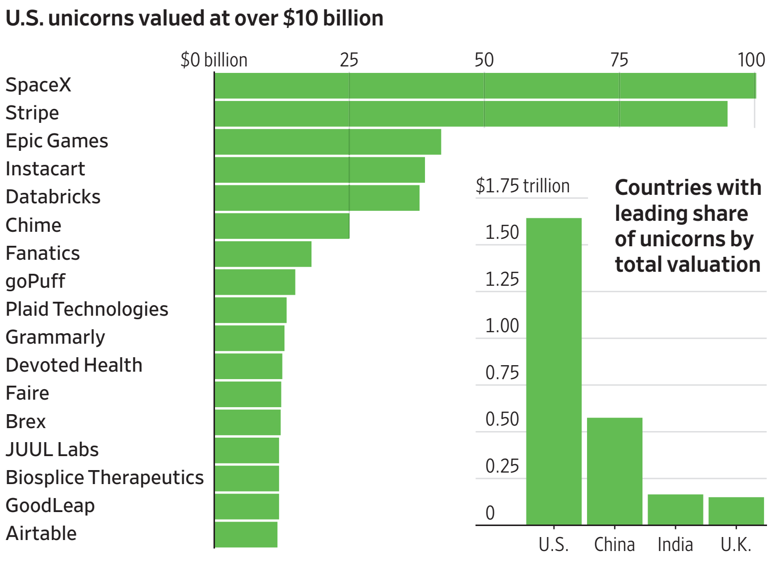
In November, the departing chairman outlined a new strategy for the bank with the primary objective of strengthening its risk culture while maintaining its "entrepreneurial spirit." He also warned that there were no quick fixes, just a lot of work to do. Some had hoped for a more dramatic overhaul. The new leader said he plans to stay the current course.

Unfortunately for international investors, Mr. Lehmann is a lesser-known quantity than his predecessor. He has held senior positions for over a decade at crosstown rival UBS and he spent nearly twice that long at Zurich Insurance Group, but lacks direct experience leading the overhaul of a bank. The current strategy comes with few ways of objectively measuring its future progress, beyond an absence of crises.

This week's resignation may not count as a crisis, but it raises awkward questions that are hard for the bank to answer. The shares fell by roughly 2% in the European trading Monday, and continue to trade for about half of their book value. Investors could glean some early insight into Mr. Lehmann from how he deals with the findings of a new report into the Greensill affair, though his options might be limited by the continuing legal battle to recover money. If so, he needs to find other convincing ways to show that the bank is still on the wagon.

—Rochelle Toplensky

Regulators' Wrangling Won't Stop VC Stampede



Source: CB Insights

The wranglers at the Securities and Exchange Commission are trying to tame wild unicorns, but they are both fantastic and elusive by design.

The U.S. agency is working on a plan to require more privately held companies to routinely disclose financial and other information, The Wall Street Journal reported last week. While Commissioner Allison Lee told the Journal she isn't interested in forcing such reporting on smaller companies, she noted big firms "can have a huge impact on thousands of people's lives with absolutely no visibility for investors, workers, their unions, regulators, or the public." Former blood-testing company Theranos comes to mind.

The initial public offering was long an aspiration, providing hungry, promising firms with an opportunity to raise necessary funds from the public and to build awareness. And of course it is a necessary evil for many companies' early investors to cash out. That seems to be the main draw these days: As of Dec. 29, the Journal reported that two-thirds of the companies that went public in the U.S. last year were trading below their offering prices, compelling evidence that many early investors are jumping ship at attractive prices—at least to them.

Many others are fine staying put, though. According to CB Insights, the number of closely held companies valued at $1 billion or more is pushing 1,000 with more than half of the group achieving so-called unicorn status last year. With a cumulative valuation of over $3 trillion, more than $1.6 trillion of which is in the U.S. alone, many of these companies now have little need for the traditional advantages a public offering once provided.

The SEC wants to give them a shove. One way it is working to do so is by narrowing the way private companies count investors. Companies must register with the agency and periodically disclose corporate information once they have accumulated more than 2,000 shareholders of record. While a fund that includes dozens of partners is often counted today as one shareholder, the goal would be to push for a more individualized count in hopes it would force more companies to enter the public markets sooner.

Investors in those funds like the status quo, too. If the boom can continue and unicorns are seen as the vehicle to wealth creation then prominent venture capitalists are their star jockeys. Having bet so big on blind faith narratives, it is unlikely they will turn back now. And with the promise of "Web3" on the horizon, funds seem to be raising their stakes. Of the roughly 960 global unicorns today, data from CB Insights suggests venture capital company Sequoia Capital is already invested in over 11% of them. Accel, SoftBank's funds and Tiger Global are all invested in 5% or more of the global unicorn stable.

One obvious workaround to potential SEC regulation is simply for VCs to go even bigger on fewer bets to keep private shareholder numbers down on their highest conviction names. VCs certainly haven't shied away from large gambles in recent years to support their unbridled optimism. Recall SoftBank's multibillion-dollar investment in WeWork and Chief Executive Officer Masayoshi Son's projection that it could one day be valued at $10 trillion.

Regulators, meanwhile, always seem two steps behind. The Federal Trade Commission is working to recover from its failure last year to force Facebook's (now **Meta Platforms**') divestiture of Instagram and WhatsApp in federal court, alleging unlawful monopolization, even though the government agency itself had blessed those acquisitions years earlier. Last week, the FTC was granted a chance to refile the case. But even in doing so, the federal judge cautioned "the agency may well face a tall task down the road in proving its allegations."

Meta is just one company. Herding hundreds of unicorns seems an even taller order.

—Laura Forman

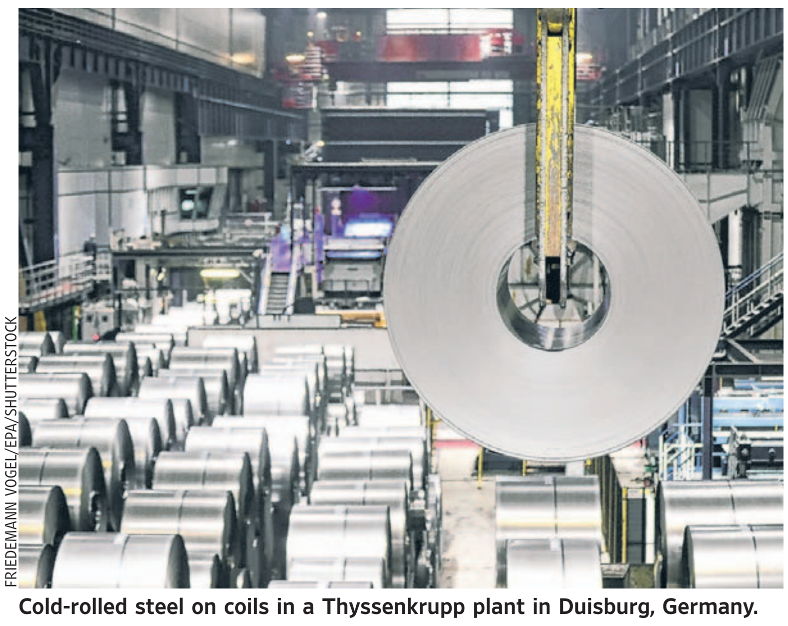
Hydrogen Offers an Old Conglomerate New Hope

Spinning trendy green assets out of venerable industrial companies at high valuations is a strategy that often sounds better in theory than in practice. But **Thyssenkrupp**'s promising hydrogen business could be an exception.

On Thursday, the German company best known for steel production gave investors a closer look at a 66%-owned joint venture long buried within its conglomerate structure: Uhde Chlorine Engineers, now rebranded as Thyssenkrupp Nucera. The unit has long been making chlorine electrolyzers, which generate hydrogen as a byproduct. A product redesign means its existing facilities can now crank out one gigawatt annually of green-hydrogen electrolyzers at competitive costs to be installed and serviced by its existing network.

Thyssenkrupp last year announced plans to list a minority stake in this business. The math is compelling based on the high valuations of stand-alone hydrogen electrolyzer businesses such as **ITM Power** and **NEL**.

Analysts estimate that Nucera would be valued at between €4 billion and €5 billion, equivalent to $4.6 billion and $5.7 billion, on similar multiples. Thyssenkrupp, which is gradually breaking itself up following the 2020 sale of its flagship elevator business and a protracted identity crisis, now has a market value of less than $8 billion.



Cold-rolled steel on coils in a Thyssenkrupp plant in Duisburg, Germany.

The company expects to raise as much as €600 million through an initial public offering. The funds will be used to expand capacity fivefold, develop the technology and underwrite big projects. Nucera would differ from other green-hydrogen stocks in that the technology is proven and the industrial capacity already exists.

A partnership with industrial-gas giant **Air Products** has helped build a €900 million pipeline. Nucera has a contract with fertilizer maker **CF Industries** for a 20-megawatt electrolyzer in Louisiana by 2023.

Final investment decisions are still needed for other big projects: **Shell**'s 200-megawatt electrolyzer in Rotterdam port and Saudi Arabia's over two-gigawatt facility in its new city Neom. Many other green-hydrogen projects are also up for grabs.

Nucera's existing chlorine business generated €319 million in revenue and €30 million in earnings last year and has some growth potential. But most investors will be more attracted by the hydrogen plan, which management expects to break even in the year through September 2024 and generate revenue of €600 million to €700 million the following financial year. The gas's potential to clean up hard-to-decarbonize sectors like steel and long-haul transport underpins expectations of a sevenfold increase in the global market by 2050.

For investors in the coming IPO, perhaps the key risk is that rival technology takes the lead in a fast-moving industry. Nucera is managing this by committing significant research-and-development resources to improving its technology over the next four to five years. There is also the problem that minority-listed businesses tend to trade at stock-market discounts because they have small free floats and aren't truly independent.

The good news is that there is little noticeable hydrogen hype built into Thyssenkrupp's stock, which jumped on the IPO news last year only to fall back. Shareholders can't expect anything like the full value of Nucera to flow through to its parent company's valuation; yet the listing process still seems likely to put a new shine on an old industrial stalwart.

—Rochelle Toplensky

Unilever's Health Kick Is Wrong Remedy

Bid for a consumer-healthcare unit is risky

Unilever's bid for **GlaxoSmithKline**'s majority-owned consumer-health business is a bold move from a management team sometimes criticized for being timid. But the deal is risky and should stay on the shelf.

The maker of Hellmann's mayonnaise and other consumer staples on Saturday confirmed a report in the London-based Sunday Times that it made an offer for the joint venture between Glaxo and **Pfizer** that makes Centrum vitamins and Panadol painkillers. Unilever shares fell 7% in early European trading Monday despite a second statement from the company giving strategic context for the move.

The business under consideration, which the two pharmaceutical giants forged from their separate consumer assets in 2018, is due to be demerged and separately listed later this year. Unilever's third and latest £50 billion cash-and-share offer, equivalent to $68.3 billion at current exchange rates, valued the unit at 18 times projected earnings before interest, taxes, depreciation and amortization, according to Bank of America. Glaxo, which controls the business with a 68% stake, rejected this as too low.

Unilever is under pressure to fix its weak growth. It spent €16 billion on buzzy brands including Dollar Shave Club between 2015 and 2020, none of which have really moved the needle. Major acquisitions and disposals used to be difficult because of a dual-headed listing in the U.K. and Netherlands, but this problem was finally resolved last year. It is now much easier for Unilever to use equity to fund new deals—a flexibility that also comes with greater risk of shareholder dilution.

To get its hands on the consumer-healthcare unit, Unilever would need to sweeten its offer at a time when its stock is trading at its lowest levels since early 2017. Glaxo and Pfizer are looking for £60 billion, according to the Financial Times. That would mean taking on high debt in addition to issuing shares, although Unilever hinted that it could sell its food brands to fund the purchase.

Unilever spent €16 billion on buzzy brands including Dollar Shave Club between 2015 and 2020.

This deal may not be worth the stretch. Over half of Glaxo's consumer-healthcare sales are in over-the-counter medicines like Advil painkillers. The global OTC market is growing just 2% to 3% annually, based on Barclays estimates—below Unilever's sales-growth target of 3% to 5%. Nor does management currently have the clinical and regulatory expertise needed to run this kind of business.

The balance of the Glaxo unit is made up of vitamin brands like Centrum, as well as oral-care products such as Sensodyne toothpaste. The market for nutrition supplements is more promising, with expected growth globally of around 5% a year as consumers become more health-conscious. It is very fragmented: The top five players control just 14% of the world-wide vitamins market, according to Barclays. Unilever already makes around a billion euros in sales from brands such as SmartyPants Vitamins and OLLY Nutrition. Nestlé and Reckitt are also pushing into nutrition supplements.

The way news of the Glaxo bid came out, which forced Unilever's executives to explain the logic of this surprising shift at short notice, may not have helped. But investors are right to be wary. Several major consumer-staples deals have destroyed shareholder value in recent years, including Danone's WhiteWave purchase and Reckitt's Mead Johnson acquisition.

While it shows ambition, the Glaxo healthcare bid seems the wrong remedy for Unilever's growth problems.

—Carol Ryan

OUTLOOK 2022

THE WALL STREET JOURNAL.

ILLUSTRATION BY DELCAN & CO. + CHANYU CHEN

The Bond Market's Sober Economic Prediction

Despite hot job gains and high inflation, there are good reasons to believe that today's strong economy may be just a temporary respite

By Greg Ip

With the best job growth in over 40 years, inflation a national obsession and the Federal Reserve preparing to raise interest rates, it is easy to forget how different the world was before the pandemic. The global environment then was marked by sluggish growth, lackluster investment, worryingly low inflation and low interest rates.

Which could be where the U.S. is headed again.

The bond market seems to be betting on it. Even with U.S. inflation at a near-40 year high of 7%, 10-year Treasury yields are below 2%. Real bond yields—that is, adjusted for expected future inflation—are negative 0.2%, and have been mostly negative since the start of the pandemic, only the second such episode in 30 years.

Even as the Fed moves up plans to raise interest rates, markets have revised down how high they are likely to get. They see the federal-funds rate, now near zero, reaching only 2% in 2025, which would be slightly negative in real terms.

Investors, of course, may simply be wrong. Since the start of the year, investors appear to have reassessed the interest-rate outlook. Bonds have sold off, with the 10-year Treasury yield, which moves in the opposite direction to its price, jumping to 1.7% from 1.5% at the end of 2021.

Yet there are good reasons to think today's sizzling economy may be just a temporary respite.

Looked at over the longer term, real yields have been declining for decades. Olivier Blanchard, the former chief economist at the International Monetary Fund, makes this point in a new book, "Fiscal Policy Under Low Interest Rates." In it he notes that safe interest rates—in

Please turn to the next page

Variants vs. Vaccines: The Covid Race to Watch

Omicron won't be the omega of Covid-19 variants. But global vaccination is the key to making sure the disease becomes endemic—and a lot more manageable.

By Daniela Hernandez, Sarah Toy and Jason Douglas

As the Covid-19 pandemic enters its third year, the world is settling in for the moment the disease becomes endemic—and less disruptive—at least in the U.S. Against that is the race to vaccinate while anticipating new variants.

The coronavirus that causes Covid-19 has continued to turn up winning numbers in the evolutionary lottery, alighting on mutations that can help it survive and thrive. With uneven Covid-19 vaccine uptake in the developed world and slow rollout in poorer nations, virologists say the virus has ample avenues to generate more variants that could challenge immune defenses developed through vaccination, infection or both.

"This will be like a real-world evolution experiment: Can the variants beat the vaccines?" says Alex Sigal, who leads researchers probing coronavirus variants at the Africa Health Research Institute in South Africa.

Vaccines, public-health experts say, are critical in ushering the world out of the pandemic and into the era of endemicity, along with routine testing and access to new antiviral medications. Endemic Covid-19 will be a more manageable disease in parts of the world with access to vaccines and robust medical care. Like the flu—another endemic disease—Covid-19's power to spark major social disruptions such as business shutdowns and travel restrictions will likely diminish with time.

But unequal vaccination around the world threatens that trajectory.

"Viruses don't stop at national borders," says Lisa Lee, an infectious-disease epidemiologist and associate vice president at Virginia Tech. "One of the things we've learned is that the health

Please turn to the next page

What the Bond Market Predicts For the Economy

CAPITAL ACCOUNT

Continued from the prior page

other words, those on risk-free government debt—have been declining in the U.S., Western Europe, and Japan for 30 years.

"Their decline is due neither to the Global Financial Crisis of the late 2000s, nor to the current Covid crisis, but to more persistent factors," he writes. "Something has happened in the last 30 years, which is different from the past."

Several years ago, former Treasury Secretary Larry Summers argued that a persistent investment shortfall amid a glut of global savings was holding down both growth and interest rates, a situation he called "secular stagnation," a term first used in the 1930s.

"Secular stagnation was the issue of the moment in the late 1930s," Mr. Summers said at The Wall Street Journal's CEO Council Summit in December. "Once rearmament and World War II began, and there was a massive fiscal expansion, it was no longer the issue.

"In the same way," he said, "after we've had a 15%-of-GDP fiscal expansion, secular stagnation is not the issue of this moment."

Apart from population, the main contributor to growth is productivity, and that too appears to have suffered during the pandemic.

New warnings

That is why early last year Mr. Summers switched from warning about secular stagnation to warning that fiscal and monetary stimulus threatened to send inflation sharply higher. Yet he thinks it more likely than not that secular stagnation will return in a few years' time: That is a "natural interpretation" of why markets expect real interest rates to remain so low, he said.

This possibility also weighs on the minds of Fed officials. Neel Kashkari, president of the Federal Reserve Bank of Minneapolis, said in supporting higher rates this year that he is weighing two opposing risks. One is that high inflation becomes embedded in the public's behavior, which would require even higher interest rates later on. The other is that after Covid-19 passes, the world returns to the pre-pandemic regime of low growth and low inflation. That regime, he wrote on the publishing site Medium, was driven by "demographics, trade, and technology factors. It is unlikely that these underlying forces have gone away."

Slower population growth reduces demand for cars, houses and other durable goods, and the need for business to expand capacity. Lengthened life expectancy means people spend more of their lives retired, so they save more in anticipation. In combination, these effects tend to hold down interest rates.

The pandemic intensified the trend of slowing population growth around the world. The U.S. population grew just 0.1% in the year to July—the slowest on record—as birthrates and immigration plummeted. With retirements accelerating due to the pandemic, the U.S. labor force ended last year 1.4% smaller than before the pandemic.

China's population barely rose in 2020, and its population in the 15 to 59 age range shrank 5% in the preceding decade. The government has responded with alarm. A state-backed newspaper briefly urged Communist Party members to have more children, and access to vasectomies and abortion has reportedly diminished.

A hit to productivity

Apart from population, the main contributor to growth is productivity, and that too appears to have suffered during the pandemic. While businesses stepped up digitization by investing more in e-commerce, cloud computing and artificial intelligence, productivity has still suffered because of Covid-19 protocols and restrictions, and sweeping changes in where, and whether, people chose to work.

The recent rise in inflation suggests the U.S. can't grow as fast as before without straining productive capacity. Some of those barriers to growth are likely to persist even after the pandemic passes.

Meanwhile, Chinese investment has slowed under the impact of its own Covid-19 restrictions and cooling property sector. As a result, its excess savings are once again being recycled to the rest of the world. One indicator of that excess, China's trade surplus, rose 53% in the 12 months through November to $673 billion from two years earlier. Those surpluses are apt to continue if a shrinking labor force and reduced property investment continue to weigh on Chinese domestic demand.

A return to a low-growth, low-inflation, low-interest-rate world has a positive side. It would mean rich asset valuations are less likely to represent a bubble. Stocks are trading at near-record price-earnings ratios, but those ratios are justifiable if real interest rates remain around zero. Federal debt, which since 2019 has shot from 80% to around 100% of GDP, is more easily sustained with low rates, although slower growth works in the opposite direction.

Indeed, one reason interest rates may be low is that investors think the Fed won't raise them so much for fear of a stock market crash. It raised rates above 2.25% in 2018, then reversed course when stock and commodity markets wobbled.

Even as the Fed moves up plans to raise interest rates, markets have revised down how high they are likely to get.

What if investment and economic growth weaken, but inflation stays high? If inflation settles at, say, 3.5%, as some economists expect, then bond yields could also double to 3.5% with real rates remaining zero. In the U.S., though, high and volatile inflation eventually led to higher real interest rates, while in other countries such as Japan, stagnant growth and low inflation have gone hand in hand.

For now, investors think inflation is coming down, and will average 2.5% over the next 10 years, based on the yields on regular and inflation-indexed bonds.

But Joe Gagnon, an economist at the Peterson Institute for International Economics, warns: "Bond markets have never predicted an outburst of inflation. So why would we think they can now?" He adds: "They respond very quickly when inflation starts to rise."

Mr. Ip is chief economics commentator for The Wall Street Journal. He can be reached at greg.ip@wsj.com.

2.5%
The average inflation rate expected by investors over the next 10 years, based on the spread between yields on inflation-indexed and regular Treasury bonds

1.4%
Decline in the size of the U.S. labor force from before the pandemic to the end of 2021

5%
The decline in China's population age 15 to 59 in the 2010s

46%
of people in a recent Wall Street Journal Poll said the economy would be worse in 12 months; 30% said it would be better

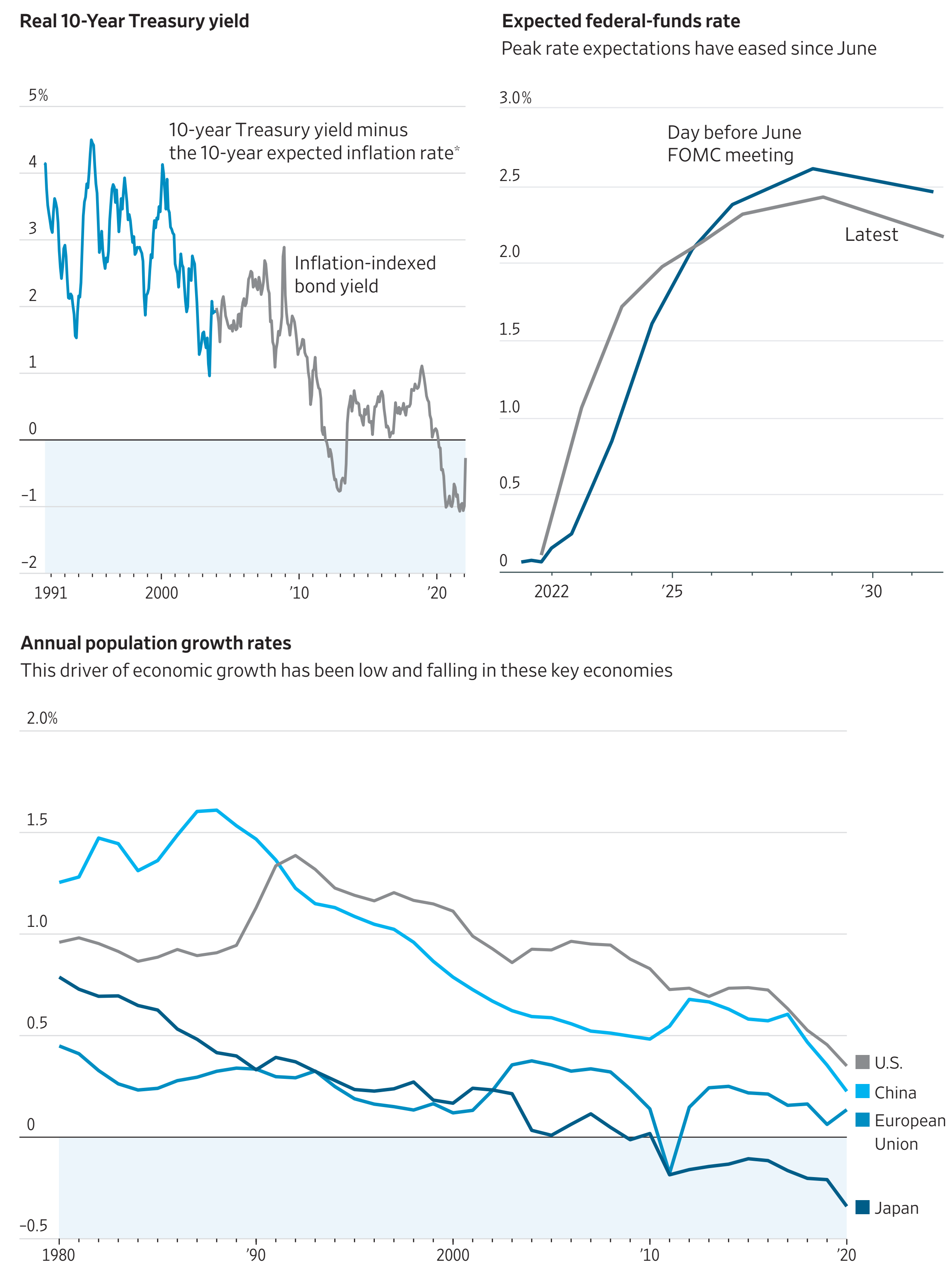
52%
said inflation would be worse in 12 months; 23% said it would be better

Sources: Federal Reserve Bank of St. Louis (inflation); Labor Department (labor force); China National Bureau of Statistics (population); WSJ Poll of 1,500 registered voters, Nov. 16-22, 2021

An employee works on a furniture frame in Minneapolis. Though job growth is strong now, it may not last.

Sluggish Signals

Interest rates and demographics indicate that the current moment of high inflation and hot growth may not last



*Projected inflation according to forecasters surveyed by the Federal Reserve Bank of Philadelphia
Sources: Federal Reserve Bank of Philadelphia (expected inflation); Federal Reserve (bond yields); WSJ analysis (Treasury yield); Cornerstone Macro (rates); World Bank Group (population)

The Race to Watch: Variants Vs. Vaccines

Continued from the prior page

of a person in a place far away can affect us."

A rise in mutations

The SARS-CoV-2 coronavirus, which causes Covid, is constantly mutating as it infects people and multiplies. Most of the time, the changes are neutral or even harmful to its survival. But every so often, one or a combination of those genetic tweaks give it an edge. As the world has seen with Omicron, which has roughly 50 mutations, that can result in setbacks: spikes in cases that stress healthcare systems and prompt authorities to renew travel restrictions and closures. These social disruptions can delay reaching endemicity, public-health experts say.

"As this virus is moving through populations and infecting larger numbers of people, it's adapting to us as humans," says Richard Lessells, an infectious-disease specialist at the KwaZulu-Natal Research Innovation and Sequencing Platform in Durban, South Africa, who worked with the scientists who identified Omicron. "It's finding better ways to survive."

Mutations can produce variants that more easily break into cells or that replicate more efficiently. They might make the pathogen look a bit different to immune systems, enabling it to outrun human defenses. Omicron has evolved to exploit these three viral characteristics, research suggests. More than half of its mutations are in its spike protein, a key structure that helps the virus infiltrate cells.

With immunity levels increasing world-wide through prior infection and vaccination, some researchers say the virus may be under unprecedented pressure to change as it moves through a partially vaccinated global population—which could give rise to new future variants of concern, the label the World Health Organization has applied so far to the Alpha, Beta, Gamma, Delta and Omicron versions of the virus.

Endemic Covid-19 will be a more manageable disease in areas with access to vaccines and robust medical care.

"Delta is a response to Beta, and now Omicron is a response to everything that has come before," says Theodora Hatziioannou, a Rockefeller University virologist studying how antibodies, the immune-system proteins that keep viruses from infecting cells, interact with variants, including Omicron.

Based on her lab's work, the main driver of viral evolution is antibody evasion, she says. More and more research suggests that Omicron can evade vaccine- or infection-generated antibodies. On the bright side: Studies have also shown that boosters, or additional vaccine doses, increase protection against the variant.

Cause for hope?

Many researchers have long said that vaccines won't be the silver bullet that eradicates the Covid-causing coronavirus, because vaccines, including highly effective ones like the one for measles and those for Covid, don't fully prevent infection, meaning vaccinated people can still get the disease. Inoculations provide solid protection against hospitalization and death because the shots prime the immune system to fight off invaders. Experts say they don't expect future variants to render vaccines useless, especially if vaccines and boosters continue to prevent the worst outcomes.

"It's something that we can handle," says Jason McLellan, a structural biologist at the University of Texas at Austin who has studied how coronavirus proteins interact with antibodies. "We always assumed that we have to reformulate the vaccine every so often."

One big advantage that scientists have now in fighting the virus: improved technology. In the past, the painstaking analysis of viral genomes to identify mutations and the divergent viral family trees they engender took months or years. Now, researchers are using genomic surveillance systems honed by scientists who studied Ebola outbreaks in Africa. Viral samples from SARS-CoV-2-infected individuals are sequenced within days and uploaded to databases that have the genomic fingerprint of thousands of other samples.

Scientists use the data to monitor the spread of variants across the world, observe which mutations they carry, and investigate what role these changes are playing in driving transmission and causing illness. Pharmaceutical companies can also take that readily available genetic information and adapt their vaccines to concerning variants.

Researchers are also exploring the possibility of a pan-coronavirus vaccine, a shot that would protect against a range of coronaviruses, including variants that might elude the vaccines available today.

Unequal spread

But virologists and epidemiologists say that fitful distribution of Covid-19 vaccines around the globe could facilitate the arrival of new variants. Pockets of unvaccinated people could give the virus ample opportunities to spread and mutate, they say.

"Each transmission is an opportunity for a mutation, and each mutation is an opportunity for more dangerous variants," says Patrick Sullivan, a professor of epidemiology at Emory University's Rollins School of Public Health.

Essentially, the more people the virus sickens, the more elegant an infiltrator it has the opportunity to become. High rates of vaccination around the globe can help tamp down spread and therefore the opportunity the virus has to mutate.

Wealthy countries have received the bulk of Covid-19 shots. Shipments to poorer countries have been increasing slowly, but some experts are concerned that those shipments could diminish: High-income countries have expanded their booster campaigns in response to Omicron and might decide to hold on to doses that were meant for donation. Moreover, many poorer countries lack strong distribution networks to disseminate vaccine.

"These variants will continue to emerge while the virus is still spreading. And if there's inequity in the way we protect populations and inequity in the vaccine distribution, then there's more chance of variants emerging in areas with higher levels of virus circulating," Dr. Lessells says.

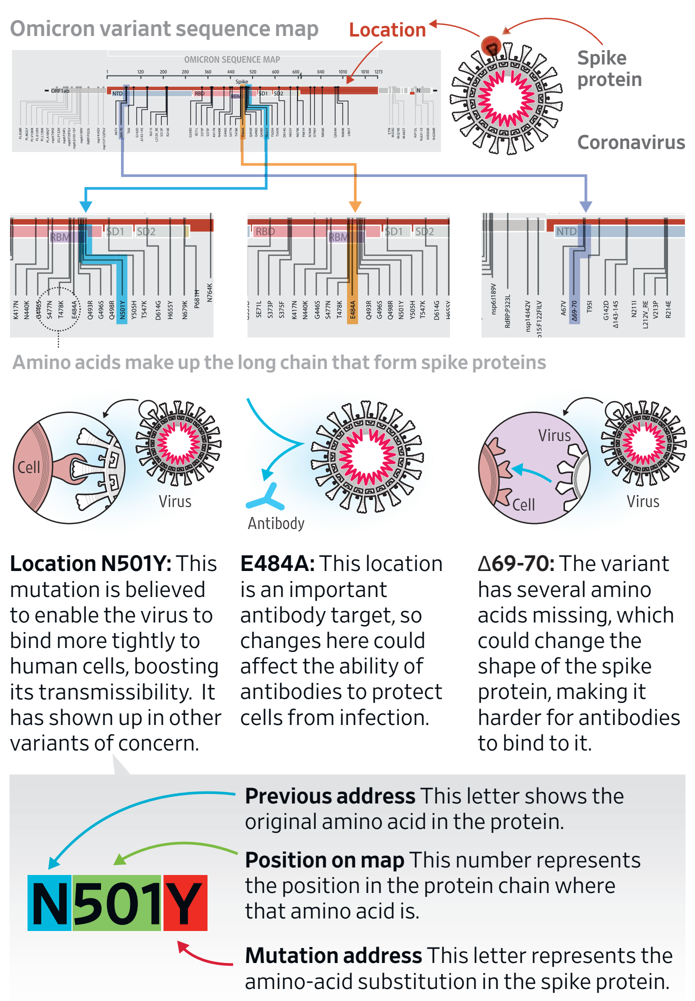
Some scientists, including Salim Abdool Karim, a clinical infectious-disease specialist and director of the Centre for the AIDS Program of Research in South Africa, believe that the virus will eventually reach a stage where one main variant will be here to stay.

"The question is: How long will it take us to get to that point?" he said.

Ms. Hernandez, a Wall Street Journal reporter in New York, can be reached at daniela.hernandez@wsj.com. Email Ms. Toy, a Journal reporter in New York, at sarah.toy@wsj.com, and Mr. Douglas, a Journal reporter in London, at jason.douglas@wsj.com.

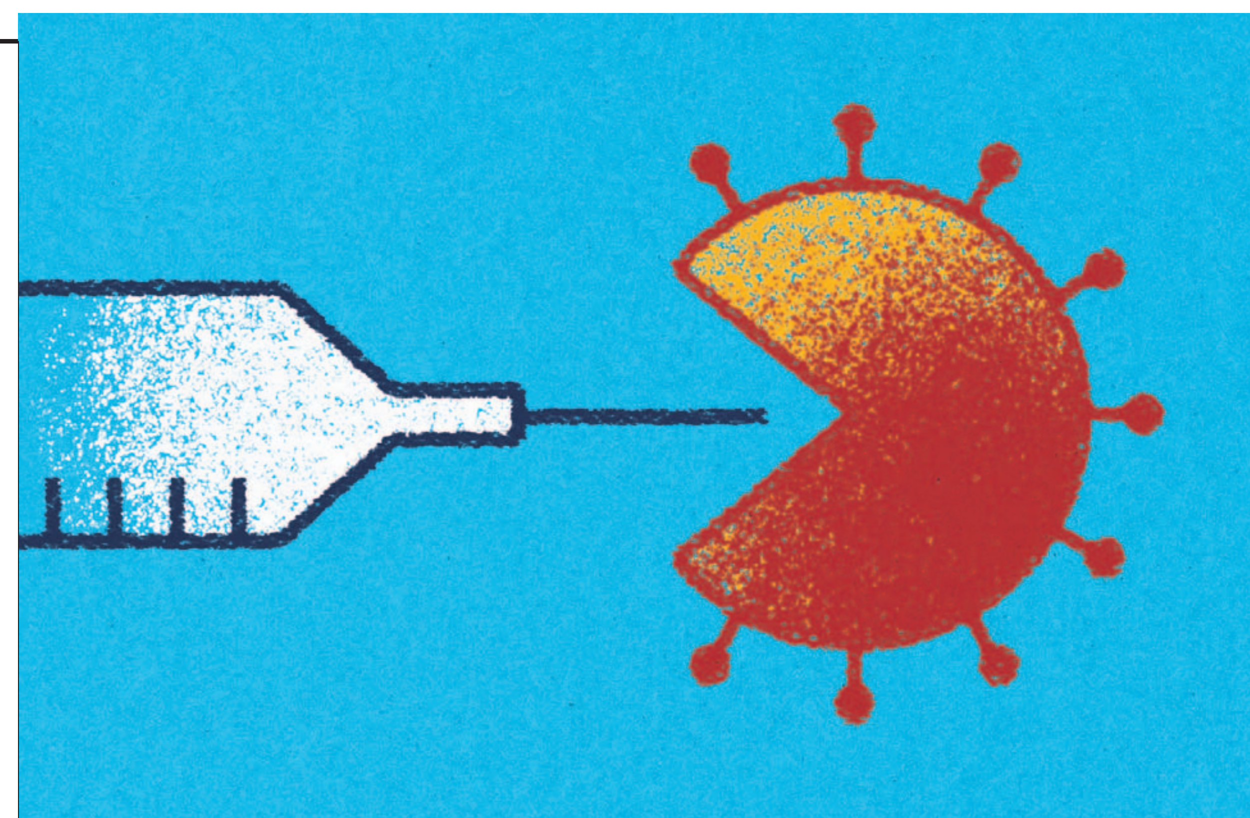
How Science Understands Omicron

Scientists use genetic sequencing to map out how viruses change, or mutate. Knowing what mutations viruses acquire can provide clues about how a new variant's behavior—the efficiency with which it spreads or evades immune defenses—might be different from previous versions of the virus.



Sources: Virologists and Network for Genomic Surveillance South Africa

PHOTO: TIM GRUBER FOR THE WALL STREET JOURNAL; ILLUSTRATION BY MIKEL JASO



50
The approximate number of mutations in the Covid Omicron variant

64%
The percentage of the total U.S. population that is fully vaccinated against Covid-19

89%
The percentage of Portugal's population that is fully vaccinated

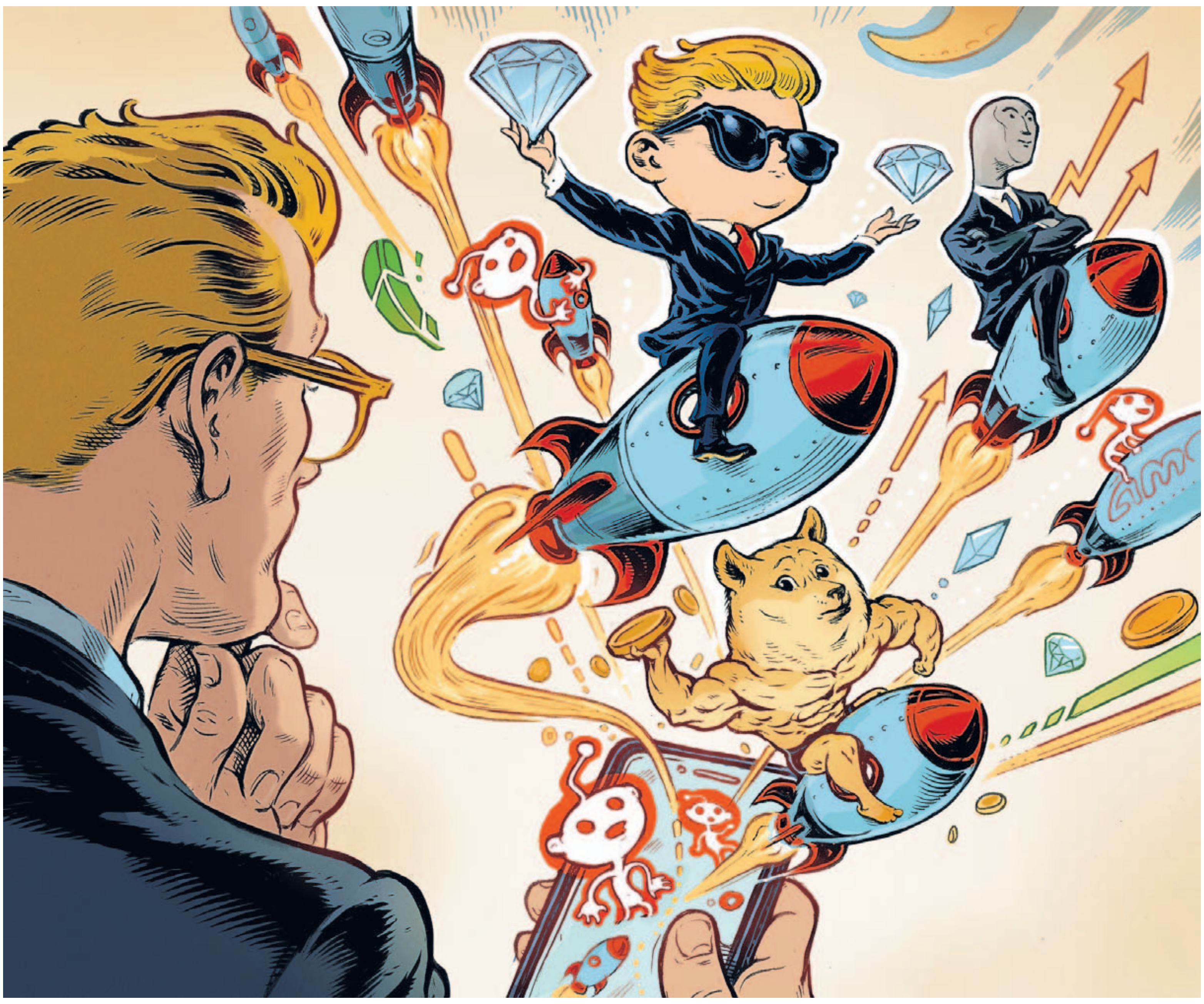
28%
The percentage of South Africa's population that is fully vaccinated

Sources: Virologists and Network for Genomic Surveillance South Africa (mutations); Johns Hopkins Coronavirus Resource Center (vaccination rates)

The Pros Are Now Following The 'Dumb Money'

After amateur day traders upended markets, it seems the retail revolution is here to stay

By Caitlin McCabe



Last year, amateur investors took financial markets by storm. This year, Wall Street professionals are watching them closely.

Fund managers who might have once derided small-time day traders as "dumb money" are scouring social-media posts for clues about where the herd might veer next. Some 85% of hedge funds and 42% of asset managers are now tracking retail-trading message boards, according to a survey by Bloomberg Intelligence.

JPMorgan Chase & Co. in September introduced a new data product that includes information on which securities individual investors are likely buying and selling, as well as which sectors and stocks are being talked about on social media. About 50 clients, including some of the largest asset and quant managers, are testing the product, the bank says. JPMorgan equity traders are also using it to help manage their own risk.

"The flow from retail is not something you can ignore if you are a professional investor," says Chris Berthe, JPMorgan's global co-head of cash equities trading. "It's a whole new investor class that has emerged, and it's an investor class that's actually getting themes right."

Rookies rush in

The shift illustrates just how much the rookies have changed the investing landscape. A year ago, market observers were questioning if the retail revolution would continue. Now many are asking what it will look like this year.

After shying away from active investing for much of the past decade, millions of Americans, hunkered down at home because of Covid-19, became day traders in 2020. Enticed by volatile markets and phone apps that made it free to trade stocks, they flocked to social media for investing ideas. That year, they piled into stocks like Hertz Global Holdings Inc. (and ultimately were rewarded when the car-rental company exited bankruptcy). It is estimated that more than 10 million individual investors opened new brokerage accounts in 2020, according to Devin Ryan, director of financial-technology research at JMP Securities.

Last year the trends from 2020 accelerated. JMP Securities estimates that a further 15 million Americans signed up for brokerage accounts in 2021. Social-media forums became increasingly used for trading. Some individual investors used their growing numbers to send stocks including **GameStop** Corp. and **AMC Entertainment Holdings** Inc. flying.

JPMorgan estimates that individual investors accounted for more than a third of daily trading activity several times over the past 18 months, reaching nearly 40% of shares traded on peak days.

To be sure, many of the newbies lost money. Many amateur investors bought into buzzy shares near the top of rallies, only to watch the prices rapidly plummet.

Individual traders in 2021 purchased a net $292 billion of U.S. stocks and exchange-traded funds, according to Vanda Research's VandaTrack platform, which tracks and sells data on the purchases of U.S. equities by individual investors. That is more than seven times the amount in 2019. Individual investors so far appear poised to continue similar levels of buying activity in 2022.

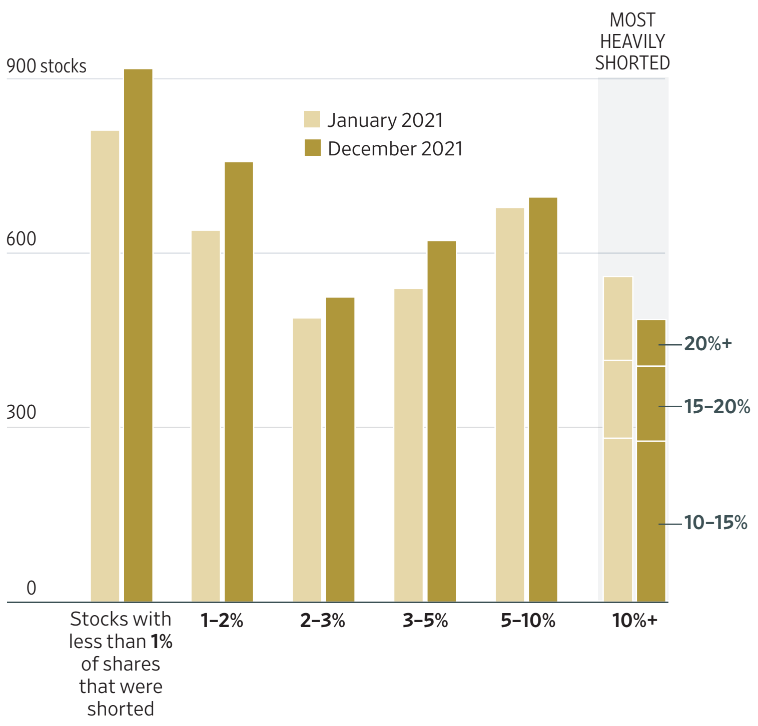
Analysts expect a bumpier road ahead for U.S. stocks this year, and some money managers believe that any prolonged volatility could wash individual investors out of the market.

Avoiding Crowds

The total number of stocks with at least $10 million in short interest rose last year, but the number of the most heavily shorted stocks declined.

Total number of shorted stocks, by the percentage of each stock's shares that were sold short

Among stocks with short interest of at least $10 million



Note: Figures are as of Jan. 4, 2021, and Dec. 31.
Source: S3 Partners

Many say that today's activity resembles the late 1990s, when individual investors piled into trading only to flee when the dot-com bubble burst.

So far, individual investors have shown a strong stomach. Last year, the group's eight largest buying days by dollar volume occurred when the S&P 500 sank 1.3% or more, VandaTrack data show.

The big names notice

By some accounts, newbie investors have altered some professional investors' trading strategies. Meme stocks like GameStop had high levels of short interest before they caught the attention of Reddit traders. That means other investors—usually professionals—were betting those stocks would fall. When shorting a stock, an investor borrows shares of a company and sells them, hoping to buy them back later at a lower price.

When the amateurs sent GameStop and other stocks soaring, the short sellers were sometimes forced to buy back shares, often at much higher prices.

These days, investors are avoiding taking big chances with short-selling plays, according to an analysis by Ihor Dusaniwsky. He is head of predictive analytics at S3 Partners, a technology and data analytics firm that tracks activity by short sellers.

Just seven stocks in the U.S. market had short interest of 40% or more at the end of 2021, according to his analysis of stocks where at least $10 million of shares had been sold short. That was down from 40 stocks at the beginning of January 2020 and 19 stocks in January 2021.

Last year, S3 started offering new tools that tell clients which stocks have crowded levels of short interest and which could leave them vulnerable to sudden losses if individual investors pile in.

"In the back of every hedge fund's mind is, 'I don't want to be on the wrong side of a meme-stock play,' " Mr. Dusaniwsky says. "It's a full-time job to make sure you don't get hit by a bus."

Ms. McCabe is a Wall Street Journal reporter in New York. Email caitlin.mccabe@wsj.com.

STREETWISE • BY JAMES MACKINTOSH

Why Have U.S. Stocks Done So Well? And Can It Continue?

The exceptionalism of U.S. markets may not last as Covid retreats

The U.S. is on a winning streak. Four years running, through political turmoil and Covid-19, American stock markets have beaten the world. As we hit the second anniversary of the pandemic, investors should be asking whether it can continue.

Broadly there are three ways to think about this U.S. market exceptionalism.

A superior economy

Lavish government subsidies meant household incomes rose as the economy slumped in early 2020, the first time they've ever gone up in a recession—and that positioned the U.S. to have among the best growth of any developed country since 2019. Economic growth fed profits, and that certainly explains some of the U.S. stock market's outperformance.

Yet, higher profits account for only part of it. The rest is a rise in the valuation, anticipating faster profit growth in the future. Is that reasonable? Not if the economy merely returns to its previous path of growth. Not if the huge rise in government and corporate debt damps future expansion. And not if the economy is reliant on government stimulus for growth.

The greatest companies

Of the world's pandemic winners, many were in the U.S. The biggest online-platform stocks—Alphabet, Microsoft, Apple, Amazon, Meta Platforms (formerly Facebook)—are American, and the pandemic accelerated their growth. In parallel to concern about coronavirus was concern about the environment, and the biggest winners of both are in the U.S.: Moderna and Pfizer due to highly profitable mRNA vaccines, and Tesla due to electric cars. The U.S. has also been at the center of the boom in initial public offerings and reverse listings via special-purpose acquisition companies, or SPACs.

However, the U.S. hasn't always been so exceptional. From 1950 to 2010, U.S. stocks returned 6.9% a year above inflation, while the rest of the world returned 7.6%, according to market historians Elroy Dimson, Paul Marsh and Mike Staunton (compounded, that small difference becomes vast).

Rather than the greatest companies, the risk is that the U.S. simply has a market dominated by companies that benefit more from low interest rates. If a stronger economy leads to higher bond yields, U.S. stocks might suffer.

The New York Stock Exchange. U.S. stocks have been world-beaters.

It's all just speculation

The truly bearish approach is to say that all these attempts to search for a story about the past two years miss the real point, which was the rise in speculation. The important change was the arrival of millions of individuals flush with stimulus checks and with time on their hands to gamble.

I remain hopeful that the froth isn't indicative of an irrational inflation of the entire market. I prefer to explain the U.S. lead with the first two reasons: the startling nature of its economic recovery and profits, combined with a big boost to valuations from lower bond yields.

As Covid retreats, so should U.S. exceptionalism, at least in the stock market.

Mr. Mackintosh is a senior markets columnist for The Wall Street Journal in London. Email: james.mackintosh@wsj.com.

LARS LEETARU; PHOTO: SPENCER PLATT/GETTY IMAGES

CAPITAL JOURNAL
By Gerald F. Seib

The U.S. Political Wild Cards Of 2022

Yes, things don't look good for the Democrats. But with so many things up in the air, any predictions are risky.

The story line for national politics in 2022 seems simple and straightforward: Democrats are in trouble, and Republicans are poised to take back control of one or both houses of Congress in the year's midterm elections.

Given historical trends and current conditions, that forecast certainly seems on target. Yet as with most things political these days, the year ahead isn't likely to be quite so simple and straightforward. The 2022 political deck is full of wild cards, which make prognostication risky.

To cite just some:

◆ It's unclear whether Democrats will pass some version of President Biden's Build Back Better social-services and climate-change plan; it is controversial because of its size and cost, but also would give the party a big item on which to campaign.

◆ The coronavirus, after seeming to fade last year, has come roaring back just as the election year is getting started, with uncertain consequences for both parties.

◆ Inflation has emerged for the first time in decades as a big factor in voters' calculation of how the economy is doing.

◆ Russia appears poised for a possible incursion into Ukraine early in the New Year, an act that would have enormous consequences not only for foreign policy but also for the political climate as well: Would voters rally around President Biden and his response, or deem his actions insufficient?

◆ The Supreme Court may be on track to deliver a historic ruling on abortion rights, which could be a motivating force for one or both parties.

◆ State legislatures and independent commissions across the country are busy drawing new congressional district maps based on the 2020 census, and the lines will affect the prospects for incumbents and challengers in both parties in ways that simply can't be calculated yet.

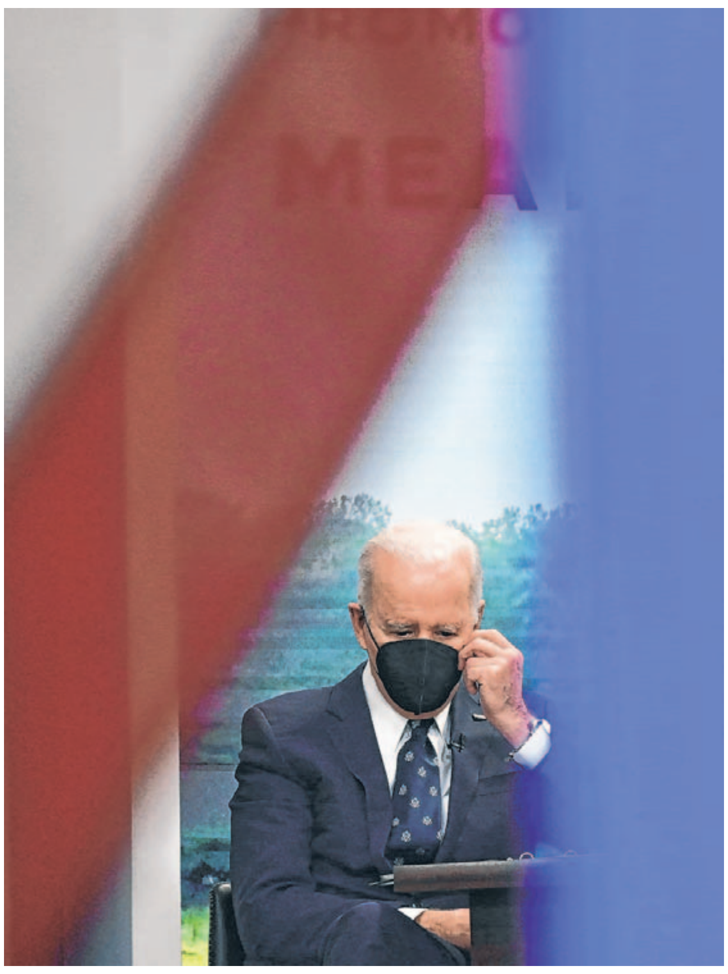
◆ Hispanic voters appear to be up for grabs this year. A Wall Street Journal poll late last year found that this group, which long has leaned Democratic, now is evenly divided between the two parties when asked its 2022 voting preference.

◆ And perhaps the biggest question: Will former President Donald Trump prove to be a positive or negative force for his Republican Party—positive because he drives turnout and boosts his preferred candidates, or negative because he motivates Democrats and stokes discord within the GOP over what kinds of candidates should be nominated?

At the outset, the terrain is challenging for Democrats. The Journal poll late last year framed those challenges. In that survey, just 41% approved of the job President Joe Biden is doing, the kind of low rating that could prove a drag for Democrats. In addition, 44% of voters said they expected to vote for a Republican in the midterm election, compared with 41% who said they would choose a Democrat.

That deficit is particularly concerning for Democrats because they likely need to win the national vote by several percentage points to break even with Republicans, given GOP advantages in the composition of districts around the country.

The poll contained some better news for Democrats as well, though. The 14% of registered voters who said they were undecided in their vote for Congress lean more Democratic than Republican.



ROBERTO SCHMIDT/AGENCE FRANCE-PRESSE/GETTY IMAGES

▲ If President Biden's low approval ratings don't rebound, they are likely to be a drag on his party in November.

Swing-state Senate races figure to be the marquee contests of 2022.

Traditionally, the party in the White House loses congressional seats in the first midterm after the president is elected—and the losses can run into the dozens when the president's job approval is as low as Mr. Biden's is now. Given that a flip of just five seats from Democratic to Republican would cost Democrats control of the House, they have almost no margin for error.

They have literally no margin for error in the Senate, which is divided evenly, 50 to 50, giving Democrats control only by virtue of Vice President Kamala Harris's ability to break ties. Paradoxically, though, Democrats' chances of holding the Senate may be better, and a series of swing-state Senate races figure to be the marquee contests of 2022.

Retirements by sitting Republican senators have opened up seats in the swing states of Pennsylvania, North Carolina and Ohio. Tough battles are shaping up for Republican incumbents in Florida and Wisconsin as well. Democrats face challenges holding on to seats in Nevada, New Hampshire, Arizona and Georgia.

For Mr. Biden and his party, the key question is whether his rapid slide in popularity in the second half of 2021 was the temporary result of the messy process of getting things done in a closely divided Washington, or a descent to levels of popularity that will remain a drag on his party.

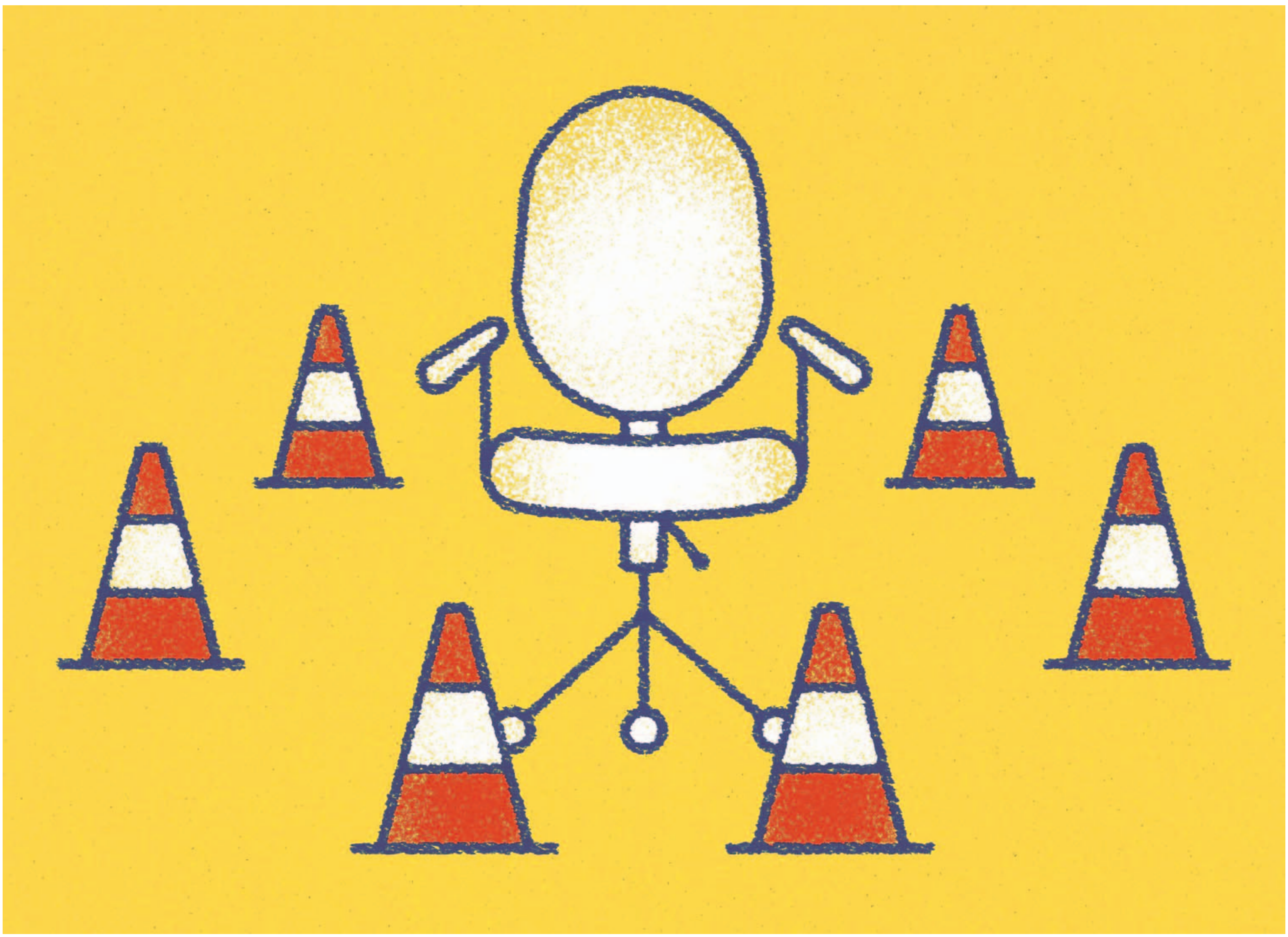
In any case, there is a long way to go before the election, and ample time for the landscape to change. In the end, Democrats will want the election to be about the things they have done to help the country get through the pandemic, and to help working Americans pull ahead on daily challenges. Republicans will want to focus voters' minds on immigration, crime and a messy withdrawal from Afghanistan that they will portray as a kind of metaphor for disappointing Democratic leadership.

Yet that late 2021 Wall Street Journal poll showed that, as is often the case, the economy tops all other issues among voters as they head into the election year. That was true for voters in both parties, and across racial and demographic lines.

The problem for Democrats is that voters enter the year not just concerned about the economy, but pessimistic about it as well. Almost half said they expected it to get worse over the next year, while just 30% said they expected it to get better. Inflation concerns are driving the pessimism; 52% said they expect inflation to get worse in 2022.

As a result, leading economic indicators may also prove to be leading political indicators this year.

Mr. Seib, executive Washington editor of The Wall Street Journal, writes the Journal's Capital Journal column. He can be reached at jerry.seib@wsj.com.



The Biggest Issues Facing CEOs in 2022

Covid, inflation and labor. Plus whatever surprises the year has in store. Change is the new norm.

By Emily Glazer and Chip Cutter

Offices remain largely empty as Covid-19 cases surge. Rising inflation is likely to keep prices high through this year. Workers are quitting their jobs at historic rates, pushing up the cost to retain them.

Chief executives have plenty of concerns heading into 2022. And yet many are optimistic about this year, saying they have stopped trying to guess when the virus will stabilize and instead are shifting their operations in ways that allow them to better cope with future surprises.

Some companies, like industrial giant **Honeywell International** Inc., are now reassessing prices for some products more frequently. Others, including cloud-services provider **Cloudflare** Inc., are planning new incentives to lure employees back into offices in the coming months. Many companies are rolling out broad-scale Covid-19 testing to allow larger gatherings of workers.

"These obstacles we've been given are overcomeable," **Salesforce.com** Inc. co-founder and co-CEO Marc Benioff says.

The rapid spread of the Omicron variant in the U.S. brought an array of familiar challenges back to the surface: temporary office closures, staffing shortages and supply-chain problems, all at a time when consumer demand for products and services surged. That created a sense of whiplash for some employees, while reinforcing that constant change is the new norm, executives say. "We're winning the war, but it's not over yet," says **Bank of America** Corp. CEO Brian Moynihan.

In a recent survey conducted by the Conference Board, a private research group, more than half of U.S. CEOs expect at least 40% of employees to work remotely three or more days per week after the pandemic subsides, compared with 28% pre-pandemic. Meanwhile, 82% of the roughly 900 CEOs surveyed globally said they are facing upward pricing pressures for raw materials and wages, and more than half expect higher pricing pressures to last until mid-2023 or beyond. Labor shortages are also a top concern for U.S. CEOs.

Here's a look at three challenges business leaders say they are bracing for in 2022, based on interviews this month with more than a dozen CEOs.

The future of the office

Omicron has injected new uncertainty into the office return. Some CEOs say they closed company offices for all of January, while others have kept them open. A few say they will include boosters in their company vaccine mandates.

Mr. Benioff of Salesforce says he is a "pro-tester," or someone who believes people can safely gather in person if they regularly test. For instance, the San Francisco-based software giant has had a number of executive off-site gatherings with hundreds of people. The requirement: a negative Covid-19 test that day. Given that strategy, Salesforce is moving forward with a company event in February with about 5,000 people, he says.

CEOs still struggle with enticing employees to work at the office, something many say is important to build and maintain company culture, better collaborate, socialize and innovate. Cloudflare is building a credit card with perks that will be activated when an employee badges into the office, says co-founder and CEO Matthew Prince. "Our incentives are to get more people to come in; we don't want to require them to come in," Mr. Prince says.

CEOs generally say they expect a small share of their employees to work from the office before the pandemic subsides, and many are redesigning their spaces with that in mind.

Houston-based **Hewlett Packard Enterprise** Co.'s offices are now more open and tech-enabled, says CEO Antonio Neri. "Our sites don't look anything like they did in 2019," he says. The spaces take into account social distancing and can measure temperature changes to check if too many people are in a room, he says.

Whether or not employees are in the office, CEOs are focused on getting their workers boosted. Bank of America said it would donate $100 to hunger-relief organizations for each U.S. employee who proves they are boosted by the end of January. The power of vaccines, boosters and treatments, combined with greater data and an understanding of how the virus works, means that society should be able to better live with Covid in the coming months, Mr. Moynihan says. "There will be ebbs and flows and disturbances, but those disturbances are wholly different than they were in March, April 2020," he says.

Rising inflation

Inflation climbed to a 39-year high in December, with strong consumer demand colliding with continuing supply challenges.

Beverage maker **Pernod Ricard** SA's North American business is being hit by shortages of bottles and cans; a lack of shipping containers means the company has had to move some freight by air; and a dearth of drivers has led to paying out a lot in overtime, says Ann Mukherjee, CEO of Pernod Ricard North America.

"Input costs across the board are going up, it's industrywide," she says. "And, yes, that is the big one getting passed on to consumers."

Ms. Mukherjee says she expects cost increases for at least another 18 to 24 months. In the alcohol industry, many of the raw products are aged, so companies couldn't foresee this demand. "There isn't enough agave in Mexico to make enough tequila," she says, though she adds that the market will catch up in the coming years.

Adding to the challenges: Few executives have experienced prolonged periods of high inflation throughout their careers.

To address rising raw-material costs and other supply disruptions, Honeywell and other companies are rethinking pricing strategies and adopting new processes to cope.

At **NRG Energy** Inc., which is based in Houston, the company has tried to balance rising costs for fuel to generate electricity with an effort to hold down expenses elsewhere. "If you see an inflationary move or price [increase] in your input, it's not like you can pass it one to one," says CEO Mauricio Gutierrez. "You don't want to create a bill shock to your customers."

Mr. Gutierrez says he expects inflation to remain an issue for 2022 and perhaps the first half of 2023, though he expresses optimism that pricing will begin to stabilize as pandemic disruptions ease. "Remember, this is Economics 101," he says. "If demand is there, the supply chain is going to start flexing up, and then things are going to go back to normal."

CEO OUTLOOK

The external factors that chief executives surveyed world-wide say will have the greatest impact on their business this year

1. Covid-related disruptions
2. Rising inflation
3. Labor shortages
4. Supply-chain disruptions
5. Changes in consumer behavior

Inflation rose from the No. 22 issue in last year's survey to No. 2 this year

The No. 1 way to deal with inflation, U.S. CEOs say, will be to pass it on to customers

Source: Conference Board C-Suite Outlook 2022 global survey of 917 CEOs

Chief executives have plenty of concerns heading into 2022. And yet many are optimistic about this year, shifting operations to better cope with future surprises.

War over talent

Business leaders across industries say one of their toughest challenges will be how to hire—and retain—employees when workers are quitting their jobs at record rates and job openings remain at historically high levels. There were 12 million job openings in the U.S. at the end of December, according to estimates from job-search site Indeed.

To keep staffers from leaving, many CEOs say they are making a greater effort to "re-recruit" existing employees, or closely watching internal employee-sentiment surveys for signs of trouble.

Others are aiming to create greater stability for workers. Meatpacker **JBS USA Holdings** Inc. has raised wages and expanded tuition benefits; its average wage in its beef division went up in a year to about $23 an hour from approximately $20. It is also investing in providing more affordable housing in the cities where it operates, so more staffers can buy a home. "Attracting talent, in my opinion, requires more than good pay," CEO Tim Schellpeper says.

Executives say they are relying more heavily on technology to fill high-turnover positions. When **Waste Management** Inc. opened a recycling plant in Chicago last year, the company installed more than a dozen advanced optical sorters, allowing it to hire 30 workers rather than the roughly 150 largely temporary workers it may have once needed.

While such plants require fewer workers, Waste Management CEO James Fish Jr. says the company is hiring more employees overall, including higher-paying roles in technology. It speeded up its recruiting processes to more quickly hire drivers and others. The company also sweetened benefits, including paying for college tuition for employees' dependents. To weather a tight labor market, "what I can do is make sure I differentiate WM," Mr. Fish says.

Managers say they also realize they have to stay in better touch with their employees. **PagerDuty** Inc. CEO Jennifer Tejada says she spent about four days in December calling the company's top 50 leaders individually, surprising many of them. "I do think personal touch matters," she says.

Ms. Glazer and Mr. Cutter are Wall Street Journal reporters in New York. They can be reached at ***emily.glazer@wsj.com*** *and* ***chip.cutter@wsj.com.***

MIKEL JASO

▲ Workers know they are more in demand than ever.

Workers Relish A Feeling of Power

With companies scrambling to fill jobs, employees are enjoying newfound leverage

By Te-Ping Chen

4.5 million U.S. workers quit their jobs in November, a record 3% rate

69% of employees in a global survey said they want their employer to reflect their values; the same share said they want their CEO to address controversial issues they care about

56% said a large group of employees exerting pressure from within can get an organization to change almost anything about itself

Sources: Labor Department (quits); Edelman Trust Barometer 2022 survey of about 15,000 employees from around the world, Nov. 2021

Raises, signing bonuses, more flexibility. Amid a historically tight labor market, more workers are feeling their power—and flexing it.

The U.S. clocked 4.5 million worker resignations in November, the highest quit rate on record. As the economy continues to bounce back, workers are feeling empowered to seek new opportunities, knowing that they are more in demand than ever.

"People are realizing this is the one chance in a long time when employees seem to have some leverage," says Andrew McGregor, a 41-year-old IT security professional in Tampa, Fla. Last year, Mr. McGregor decided he would leave his job if he could get a big enough raise to make it worth his while. Shortly thereafter, he landed an offer for 30% more than he was making, and he quit.

More than 80% of American workers say the pandemic has given them more clarity about their personal and professional goals, according to a recent survey by human-resources-services company Randstad NV. They also have higher expectations for their employers, with 77% saying they want more job flexibility.

"I refuse to accept a position that's just a position," says Micah Worcester, age 27, of Oklahoma City, who quit her retail job last fall, fed up with being mistreated by customers. "I'm looking for something that I actually want to do," she says.

Particularly in hard-hit sectors such as retail and hospitality, where labor shortages have forced businesses to close or shorten hours, employers are boosting wages and offering new perks, such as healthcare and education benefits, in a bid to attract workers. Average hourly wages in December jumped 4.7% over the previous year, well above the roughly 3% pre-pandemic wage-growth rate.

"The market is red hot and there's a lot of inflation when it comes to compensation," says Paul Knopp, U.S. chairman and chief executive of KPMG LLP, a professional-services firm. KPMG, which has 34,000 U.S.-based employees, is doling out historically high pay increases, cutting healthcare premiums by 10% and expanding benefits, including twice-annual companywide breaks that give workers at least nine consecutive days off.

Given current CEO optimism Mr. Knopp predicts the job market will stay tight for several years, and perhaps longer.

A recent Conference Board report found that companies are reserving an average of 3.9% of total payroll for wage increases this year, the largest jump since 2008. Nearly 40% of respondents said higher inflation factored into their decision.

Beyond pay, more companies are also soliciting feedback and seeking ways to improve worker retention, including more career development and an emphasis on culture, says Melissa Swift, U.S. transformation leader at consulting firm Mercer LLC.

More than 80% of workers in one survey said the pandemic has given them more clarity about their personal and professional goals.

For workers like Matt Connors of Pawtucket, R.I., a flexible work culture has become nonnegotiable. Mr. Connors, age 33, recently quit his software-engineering job after he and colleagues were required to go back to the office; they were frustrated to be called back after so many months of proving how productive they could be while working from home. "The writing was on the wall," he says. He promptly found a new job that pays 10% more and allows him to work remotely on a permanent basis.

Amid political upheaval and the pandemic, trust in institutions has lately fallen, according to the annual Trust Barometer survey of more than 36,000 people polled across 28 countries by public-relations firm Edelman. Yet workers demonstrate optimism in collective action.

Among 15,000 employees that Edelman surveyed about worker-employer trust, 69% said they want their employer to reflect their values and their CEO to be willing to take strong stances on social issues they support. And 56% believe a large group of employees exerting strong pressure from within can get an organization to change almost anything about itself.

The U.S. has seen an uptick in worker activism in the past year, as many employees pushed for action on racial equity following George Floyd's murder, and union drives and strikes hit companies from Starbucks to Kellogg's.

"That's putting heat on," says Richard Edelman, the company's CEO. "We thought that was simply a Gen Z phenomenon. It's not."

While many workers are switching companies, others are striking out on their own, knowing they won't have trouble finding work if a solo venture fails. From January to October of last year, entrepreneurs applied to register federal tax-identification numbers for about 4.5 million new businesses, up 56% from the same period in 2019 and the highest number on record dating back to 2004.

Such was the case with Danielle McGregor, the wife of the Tampa-based IT professional who quit his job for a 30% raise. Ms. McGregor quit her nursing job during the pandemic and now runs an Etsy business selling digital planners. These days, she says she makes an average of $4,500 a month, which is more than she did as a nurse. Their family can afford more vacations and meals out.

"We're a lot happier," she says, of her and her husband's decisions to quit.

*Ms. Chen is a Wall Street Journal reporter in Philadelphia. She can be reached at **te-ping.chen@wsj.com**. Kathryn Dill, a Journal reporter in New York, contributed to this article.*

Tech Giants Brace for Wave of Regulation

Unlike in the past, the new scrutiny could have an impact on the bottom line

By Sam Schechner

Big tech companies are facing the biggest expansion in potential technology regulation in a generation. And while the jury is out on whether all that sound and fury will signify anything, for the first time there are signs that the big-tech backlash could have a substantive impact.

New laws under consideration in Europe, Asia and the U.S. could put sharp limits on how big tech companies can treat smaller competitors and restrict their use of artificial intelligence like facial recognition. Some proposals could ban common practices such as companies giving their own products a boost in their own rankings.

At the same time, regulators globally are advancing dozens of investigations related to competition and privacy that could lead to more than just speeding tickets for tech giants. Under consideration, according to regulators and executives, are orders or settlements that could cut off trans-Atlantic data flows, kneecap some kinds of digital advertising, delay major product changes or force ongoing oversight of activities.

Tougher to cash in

To be sure, regulation so far has had little effect on Silicon Valley's bottom line or valuations. The market value of five of the world's largest tech companies is $9.31 trillion, up close to fourfold from five years ago, nearly double the growth for the S&P 500 index in that time.

But that could be changing. The fresh wave of scrutiny has already made it more difficult for the companies to cash in on potential growth from acquisitions, says Mark Mahaney, head of internet research at Evercore Inc.'s research arm.

Tech companies are making other changes, too. Facebook announced in November that it would shut down its facial-recognition system in part because of potential regulations.

"There's definitely a sense of there being a new momentum" for regulation, says Sinead McSweeney, **Twitter** Inc.'s global vice president for public policy, noting that in recent weeks the company has had to implement new legislative requirements in at least six countries.

Alphabet Inc.'s **Google**, for instance, has agreed to work closely with the U.K.'s Competition and Markets Authority on its plan to remove cookies, which track online activity, from its Chrome browser. Now Google executives are looking at how to build new appeals processes for content removals on **YouTube**, and reworking how it handles user and partner information internally, says Kent Walker, senior vice president of global affairs.

While tech companies say they agree that their industry needs new regulation, they are pushing back against some specific proposals. Some tech executives, such as Twitter's Ms. McSweeney, say they worry requirements in proposed online-content rules could encourage companies to remove content they merely disagree with, chilling free speech.

What's the effect?

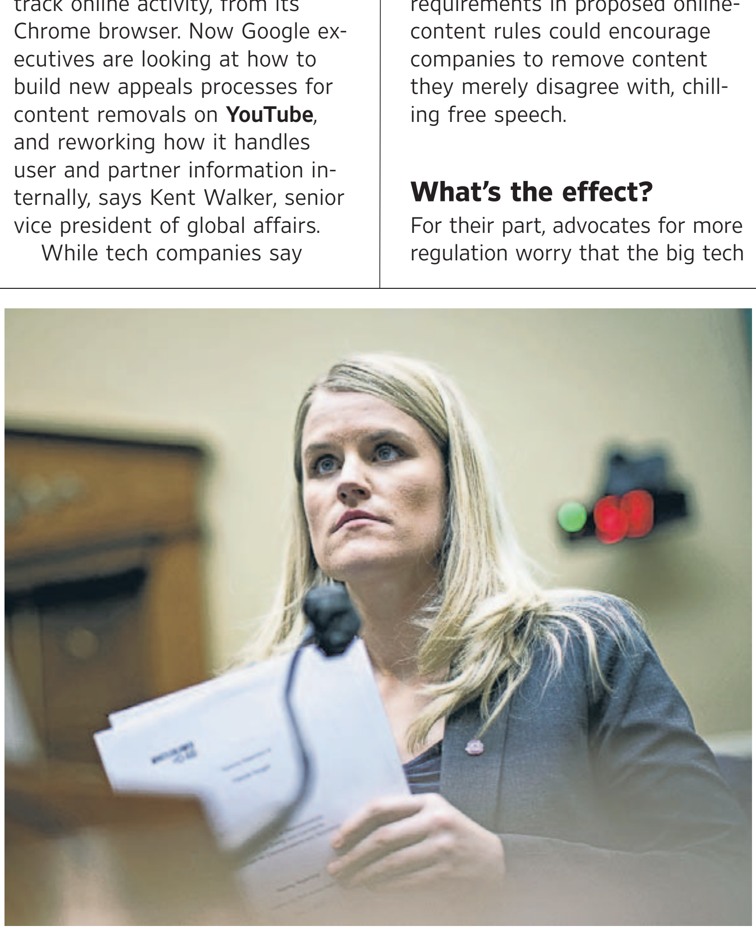
For their part, advocates for more regulation worry that the big tech companies could emerge unscathed from the newest wave of regulation. Gabriel Weinberg, founder and chief executive of **DuckDuckGo**, maker of a privacy-centric search engine, says that three EU antitrust decisions against Google, and more than $9 billion in fines, have done little to pare the search leader's market position. (Google says that its compliance with the EU decisions has led to significant changes in its operations that have helped competitors.)

Now Mr. Weinberg is concerned that policy makers are placing more emphasis on passing laws than making sure regulators properly implement new requirements.

Policy makers say they can make it work. Cédric O, junior minister for digital affairs for France, says he's confident that the EU can pass effective laws. He also says he's going to the U.S. to lobby for trans-Atlantic rules to protect children who use social media, following articles in The Wall Street Journal's Facebook Files series that found that **Instagram** made some teenage girls feel worse about themselves.

"I think there's a European and probably international consensus that Big Tech has an impact on the economy and on democracy and should be regulated," he says.

Mr. Schechner is a Wall Street Journal reporter in Paris. Email sam.schechner@wsj.com.



Facebook whistleblower Frances Haugen at a House hearing.

PHOTOS (FROM TOP): AMIR HAMJA/BLOOMBERG NEWS; AL DRAGO/BLOOMBERG NEWS

President Biden after speaking about Afghanistan

EVAN VUCCI/ASSOCIATED PRESS

Foreign-Policy Goals Take Back Seat

Domestic troubles hinder the Biden administration's efforts to respond to challenges abroad

By Vivian Salama

THE BIDEN administration is facing pressing national-security challenges from Russia and Iran, but efforts to respond are being hindered by persisting domestic troubles, U.S. and foreign officials say.

As President Biden begins his second year in office, he is still grappling with many of the issues that consumed much of the first year: trying to bring the pandemic under control, shore up the economy and foster unity in a deeply divided country.

Before taking office nearly a year ago, Mr. Biden linked his foreign and domestic agendas, with the view that defeating the Covid pandemic and boosting the economy was critical to restoring U.S. influence abroad and competing with China around the world. But with the pandemic still raging, those foreign-policy goals have become increasingly challenging—and new crises are looming. Russia is amassing troops near Ukraine in what U.S. officials say is a possible prelude to invasion. Iran's nuclear program, the administration says, is weeks away from having the materials needed to produce a nuclear bomb. And China's muscle-flexing toward Taiwan is raising concerns of a potential conflict there as well.

"Ongoing political polarization [in the U.S.] has extended into every facet of the Biden presidency, including his foreign-policy agenda," says Rachel Rizzo, a senior fellow at Atlantic Council's Europe Center. "That doesn't mean his goals are impossible to execute. But it does mean that issues that might have once found bipartisan support, like repairing the U.S. relationship with European allies, are now being used as political footballs for domestic purposes."

The Biden administration has largely linked some of the barriers they face to circumstances inherited from the previous administration. But they acknowledge that getting the domestic house in order will be necessary before they can seriously advance their diplomatic agenda.

"The president's commitment to reinvest in education, in research and development, in infrastructure, resonates," Secretary of State Antony Blinken said last month. "In each of these areas, we used to lead the world. We've fallen way, way back, and the president wants to change that."

"That's not only important for our standing here at home. It is important for our standing around the world," he said.

Many allies have welcomed the Biden presidency, given his decades of foreign-policy experience as a senator and vice president. For some, the Biden diplomatic approach has been a switch from the more sharp-elbowed approach of the Trump administration. President Biden immediately rejoined some pacts and international bodies from which his predecessor withdrew, including the Paris climate accord and the World Health Organization.

He restored ties with the Palestinian Authority, a relationship severed under the previous administration, and with Egypt's help, he quickly brokered a cease-fire between Israel and Hamas last year.

While many of his policies have signaled an end to U.S. interventionism in the post-Cold War era—in particular, the withdrawal from Afghanistan—working with allies is central to Mr. Biden's foreign-policy objectives, especially seeking collective action in opposition to China, which lacks the network of alliances the U.S. has.

New agreements with European allies are exceedingly important at the moment.

The policies that Mr. Biden has articulated toward China thus far are largely a continuation from the Trump era, including its genocide designation for China's crackdown against ethnic Uyghurs in Xinjiang, and his decision to maintain tariffs on Chinese imports. Biden administration officials have said that any new competitive measures by the U.S. regarding China can only happen once the pandemic is under control and the economy has strengthened.

One of the biggest domestic upsets to interfere with the Biden administration's diplomatic efforts has been Democrats' failure to pass the president's Build Back Better social-spending legislation in Congress, which attempted to allocate tens of billions of dollars for climate-change resilience. That failure has undermined Mr. Biden's goal of making the U.S. a climate-policy leader.

The surge of Covid-19 cases due to the Omicron variant, in addition, has complicated the administration's pledge to help distribute vaccines abroad, U.S. and foreign officials say.

The U.S. pullout from Afghanistan, meanwhile, compromised Mr. Biden's aim of rebuilding America's image as a steadfast global partner. The decision to withdraw, while the product of successive administrations, upset European allies who contributed troops to the war and viewed the withdrawal as serving U.S. interests at the expense of global security. Those allies scrambled to evacuate large military and diplomatic presences in Afghanistan in the chaotic weeks of August when the U.S.-backed Afghan government and military collapsed.

France, one of those U.S. partners in Afghanistan, took a further blow when it was caught off-guard this fall by an agreement the U.S. and U.K. reached to sell nuclear-powered submarines to Australia, which then canceled a planned purchase of French-made conventional submarines.

The deal is intended to strengthen ally Australia against China's expanding navy. France, which recalled its ambassador in the U.S. over the deal, has also been enlisted in the effort to counter Beijing, especially in shoring up U.S. influence among South Pacific nations.

Restoring trust among allies in the post-Trump era, "has been a challenge and will be a challenge," a senior administration official says, noting that allies remain wary of entering into long-term agreements with the U.S. given the political volatility at home.

But new agreements, particularly with European allies, are exceedingly important at the moment. A coordinated campaign of economic pressure may be needed to persuade Iran to curtail its nuclear program. Russia's troop buildup near Ukraine has been accompanied by demands for new security guarantees from the U.S. and NATO.

Many in the Biden administration view deterring a Russian invasion of Ukraine as crucial to U.S. credibility in Europe and in Asia, where Beijing is ramping up military pressure against Taiwan, a U.S. partner, like Ukraine.

Ms. Salama is a Wall Street Journal reporter in Washington. Email vivian.salama@wsj.com.

The Climate Challenge After the Glasgow Summit

Countries and companies pledged bold action to curb greenhouse-gas emissions, but plenty of hurdles remain

By Phred Dvorak

World leaders made a lot of bold pledges to curb greenhouse-gas emissions at the Glasgow climate conference in November. Now, countries and companies face the prospect of making good on those promises, in the face of political and economic headwinds.

By the end of the United Nations climate summit, known as COP26, more than 150 countries had announced new or updated steps to combat global warming by 2030, according to a U.N. report titled "The Heat is On: A world of climate promises not yet delivered." Some 74 countries had made promises to eliminate or offset emissions—known as "net zero"—by dates ranging from 2030 to 2070.

The promises aim to limit global warming this century to the "well below" 2 degrees Celsius goal agreed to at the Paris summit in 2015. If all are met, the temperature rise could be curbed at around 1.8 degrees, analysts estimate.

Yet collectively, the major economies—known as the Group of 20—aren't even on track to hit previous, weaker targets, the report noted. Climate-policy watchers say current trends, from U.S. political standoffs to soaring global prices for energy and goods, are creating added barriers.

The challenges in the U.S. "are really massive," says Robert Stavins, professor of energy and economic development at Harvard's Kennedy School. They "aren't simply economic, nor are they even technological, but are really political," he says.

Other aspirations announced at Glasgow include curbing methane emissions, developing global carbon-trading markets and halting deforestation by 2030.

Companies and other organizations are similarly under pressure to deliver on climate promises. There are "net zero" groups for universities, banks and even whiskey distilleries, which list thousands of companies and institutions pledging to neutralize greenhouse gases. Many activists say these are behind on implementation, too.

Some steps have been taken. Congress passed a $1 trillion infrastructure bill last year that contained measures to attract investment and reduce red tape for projects like pipelines to transport carbon dioxide or underground wells to store it in, both deemed necessary to reduce the amount of gas vented into the air. In December, the Environmental Protection Agency increased fuel-efficiency standards for cars. Companies like General Motors Co. and Ford Motor Co., which each last year announced billions of dollars in investment in electric cars, have been bolstering their climate initiatives too.

But the biggest emissions-reduction impact comes from incentives for a host of activities, including capturing carbon emissions, installing methane-control equipment, and buying electric vehicles and heat pumps, says John Larsen, a lead author of a Rhodium Group study on how the U.S. might hit its 2030 targets. Those incentives are in a $2 trillion bill stalled in the Senate.

Collectively, the major economies aren't even on track to hit previous, weaker targets.

Energy analysts also say that if Democrats lose their slim majorities in Congress in the November elections, it likely would upend President Biden's climate agenda. Many analysts add that the Supreme Court could limit the authority of federal agencies like the EPA when it rules on some key cases this year.

China, the world's biggest emitter, is facing its own carbon-cutting hurdles. China depends heavily on coal for its power, and officials there argue it will take years to shift away from that energy source, particularly since its economy is still growing quickly.

COP26 was also expected to usher in an international carbon market, following a long-awaited agreement on rules for cross-border trades. But it will take years to work out the details on global trading, or harmonize standards for the hodgepodge of carbon markets operating now, experts say.

Ms. Dvorak is a Wall Street Journal reporter based in Houston. Email phred.dvorak@wsj.com.

EU Faces Internal and External Rifts

The bloc's collective Covid response only masked deeper problems

By Daniel Michaels

BRUSSELS—Once again, a new year begins under the shadow of Covid-19, and once again Europe is struggling to achieve cohesion and durable economic growth while grappling with the pandemic.

The European Union's crisis response over nearly two years has held the bloc together by ensuring internal borders remained open, jointly buying vaccines and offering a financial lift by collectively financing the recovery—a first for the bloc.

But the 27-country alliance faces profound internal differences over issues ranging from energy and the environment to the rule of law. Externally, it's grappling with Russian military pressure, Chinese economic arm-twisting and continued instability in its southern neighbors.

Even the U.S. and U.K.—in theory the EU's closest allies—are pursuing their own agendas in ways that occasionally verge on adversarial. U.S. decisions last summer regarding the pullout from Afghanistan and the sale of nuclear-powered submarines to Australia struck Europeans as anything but embodying a new spirit of multilateralism.

Now, uncertainty sparked by the Covid-19 Omicron variant is increasing just as the continent girds itself for a potentially bumpy year in politics. French President Emmanuel Macron faces elections in April. Untested new German Chancellor Olaf Scholz is learning to lead an unwieldy three-party governing coalition. British Prime Minister Boris Johnson is grappling with plunging popularity.

Core stability

But for all the angst raised by those uncertainties about health and politics, the EU's core countries look unusually stable internally. Fewer voters are showing a desire to vent anger at technocratic elites than before the pandemic. Populist parties in Italy, Germany and Greece are in retreat, and talk of quitting the EU or the euro has faded. Meanwhile, Britain shows signs of softening a bellicose post-Brexit posture it assumed toward the EU through 2021.

In France, two likely right-wing presidential contenders appear on course to cancel each other out, potentially leaving Mr. Macron and center-right rival Valérie Pécresse to spar over competing mainstream platforms.

"If Pécresse wins, the world goes on, like Scholz winning in Germany," says Charles Grant, director of the Centre for European Reform, a London-based think tank. Center-left Mr. Scholz looks set to maintain many policies of center-right former Chancellor Angela Merkel.

Post-Merkel Germany, while stable, will likely play a diminished role in Europe, Mr. Grant predicts. "The new government will take time to come together," he says.

Nowhere is Europe's acceptance of technocratic leaders more evident than in beleaguered Italy. Prime Minister Mario Draghi, a former European Central Bank president widely credited with saving the euro almost a decade ago, has won the public's approval by making firm decisions on fighting the pandemic, keeping squabbling parties in line, and passing economic and administrative overhauls aimed at improving the country's lackluster growth. How long Mr. Draghi will remain Italy's prime minister is uncertain, however, as he is widely considered an obvious candidate to succeed the current Italian president, whose term expires at the end of January. Mr. Draghi hasn't committed publicly to either post.

The EU is grappling with Russian military pressure and Chinese economic arm-twisting.

External pressures

Europe's relative internal calm is being riled by outside forces that are evident to voters in high energy prices and offer a reminder of how dependent the continent is on fuel imports to power its economy. Russian President Vladimir Putin has demurred on boosting natural-gas exports, partly to press Berlin to green-light Russia's new Nord Stream 2 gas pipeline to Germany, which would let Moscow stop sending gas to Europe through Ukraine.

The controversial pipeline, which is almost complete and awaits German permits to start operating, divides European governments, many of which feel Berlin is mortgaging collective security to ensure its gas supply. In Washington, opposition to Nord Stream 2 has bipartisan support and has become a point of contention with Germany and the EU.

As disturbing as Mr. Putin's gas games with Europe are, they pale in comparison with the menace posed by his massing of Russian troops around Ukraine.

Much as Europe balances economics and security with Russia, it struggles to decide if China is an economic partner or the threat that Washington characterizes it as. The EU now trades more with China than with the U.S., while calling Beijing a strategic rival—a dichotomy that looks set to worsen. Beijing is showing increasing willingness to bully EU countries.

Lithuania's overt friendliness to Taiwan, which Beijing considers a breakaway province, in December prompted China to essentially ban products from the Baltic state. A muted response from the EU, which handles foreign trade for all its members, has dismayed many smaller members, who fear the bloc is giving priority to big members' economic interests over cohesion.

Well-timed aid

Potentially offsetting those external economic pressures this year is the EU's Covid-19 economic recovery package. Equivalent to more than $800 billion, the Recovery and Resilience Facility was approved in July 2020, after the pandemic's first wave, and is finally rolling out.

The delay may have been a blessing, since the funds are landing just as the bloc weathers Omicron and tries to build on a robust economic bounceback in late 2021.

Mr. Michaels is chief of The Wall Street Journal's Brussels bureau. Email him at dan.michaels@wsj.com.

▼
An in-home Covid vaccination in Italy. Uncertainty is growing over the Omicron variant just as the continent girds itself for a potentially bumpy year in politics.

Putin's Moves Rattle His European Neighbors

The U.S. is trying to convince its European allies to follow its policy approach. It may be a hard sell with some.

By Bojan Pancevski

BERLIN—Europe's relations with Russia are sinking to depths unprecedented in the three decades since the Soviet collapse.

After more than 20 years in power, President Vladimir Putin is signaling that he might invade Ukraine, deploying troops to shore up the autocracy in Kazakhstan, weaponizing his country's natural-gas exports and demanding sweeping security concessions from the West.

Moscow's client state Belarus is funneling refugees from the Middle East into the European Union, with the Kremlin telling the bloc that it must come to a financial arrangement with Belarus to stop the influx. And, while stopping short of taking responsibility, Mr. Putin has spoken approvingly of a series of high-profile murders of Russian exiles in the West that European authorities have blamed on Moscow's secret services.

Russia's relations with the West are increasingly unstable and ever more unpredictable.

This was reflected in the gloomy start of negotiations between the U.S. and Russia over Ukraine this month in Geneva. Both sides played down the chances of reaching a compromise. No European government is directly involved in the talks.

Complicating U.S. efforts to rally European nations around a new initiative to deal with Russia, leadership in the EU is in flux. Angela Merkel, formerly the EU's pre-eminent leader, has stepped down as German chancellor. The U.K. has left the bloc, and relations remain rocky. In France, meanwhile, President Emmanuel Macron, who has called for a reset of Europe's relationship with Moscow, is facing tough national elections in April.

As Mr. Putin amasses forces on the border with Ukraine, the U.S. is trying to convince its European allies to abandon efforts to reset relations with Moscow that hit rock bottom after Russia's invasion of eastern Ukraine in 2014—and to prepare tough economic sanctions in case Mr. Putin moves again into Ukraine.

Most major Western European nations, except the U.K., have favored fostering better economic ties with Russia, especially in the energy sector, and many rely heavily on Russian natural gas.

Mr. Putin has used the possible threat of a new Ukraine invasion to demand a new security deal with the West, calling for curbs to the expansion and influence of the North Atlantic Treaty Organization. Many European experts say Mr. Putin won't actually invade, and only wants to boost his recognition as a power broker and gain more access to—and potential concessions from—Western leaders such as President Biden, with whom he recently spoke.

In that respect, the threat already has paid off, says Nathalie Tocci, a longstanding foreign-policy adviser to the EU and director of the Institute of International Affairs, a Rome-based think tank. "Putin is getting his meetings with Biden, and he is discussing Ukraine without their presence there," says Ms. Tocci.

Some experts say that despite worsening diplomatic relations with Russia, the U.S. diplomatic effort will succeed only if Mr. Putin orders a military escalation.

"As long as there is no escalation, we will continue to see some European countries…such as Germany and France, pursuing their own policy agenda that they don't want hijacked by America, let alone Ukraine," says Mark Galeotti, a Russia expert and honorary professor at University College London.

Germany is perhaps the most influential champion of preserving economic ties with Russia. A newly finished gas pipeline connecting Germany and Russia is set to double the former's direct imports of natural gas from Russia. The pipeline, known as Nord Stream 2, only awaits final technical approval from German regulators before it goes into operation.

Experts say Mr. Putin's aggressive posture is causing some other Western European nations to reconsider long-held diplomatic relations with Russia, and to slowly coalesce around a policy that is more in line with the U.S. aims.

Italy and Spain, traditionally favorably disposed toward Russia, Ms. Tocci says, are gradually adopting a more cautious stance toward the Kremlin now that they have seen that the threat of Russian meddling in European societies isn't a product of the imagination of Poland and the Baltic countries. Examples of Russian meddling she cites include exacerbating a refugee migration crisis in Europe as a result of its role in Syria's civil war, and its interference in Catalan independence protests in Spain since 2017.

Mr. Pancevski is a reporter for The Wall Street Journal in Berlin. He can be reached at bojan.pancevski@wsj.com.

A Ukraine army soldier in position against Russian-backed separatists.

PHOTOS (FROM TOP): MARCO BERTORELLO/AGENCE FRANCE-PRESSE/GETTY IMAGES; ANATOLII STEPANOV/AGENCE FRANCE PRESSE/GETTY IMAGES

An unfinished apartment complex in Wuhan reflects China's slumping housing market.

In China, a Focus on Stability

After a spree of regulation to fix long-running ills last year, Beijing is looking to shield growth

By Stella Yifan Xie

China's leaders spent much of 2021 rolling out a blizzard of new regulations aimed at addressing long-running imbalances in the economy. This year, Beijing wants to ensure the ripple effects of those moves don't cause too much disruption.

Stability has become the top economic priority after months of dramatic actions aimed at revamping an economic model that economists say relied too much on growth from housing construction and government-led investments in infrastructure projects. Strict new limits were imposed on how much property developers could borrow, setting off a slump in the housing market, as developers stopped bidding for new land, and home buyers delayed purchases.

Meanwhile, government efforts to rein in and discipline private-sector firms—from tech giants to for-profit tutoring services—spooked investors at home and abroad. Beijing also imposed tighter cybersecurity regulations that could snarl Chinese tech giants' overseas listing plans.

All of these steps have taken a toll on China's economic growth: After a relatively strong export-led recovery in the first half of 2021, expanding 12.7% from the year-earlier period, China's economy lost momentum in the second half. It grew by 4.9% in the third quarter and decelerated further to 4.0% in the fourth quarter. For the full year, GDP grew 8.1% from 2020.

China has tried to rekindle growth by lowering interest rates and easing bank-reserve restrictions, as well as easing some curbs on mortgage lending. But the moves so far have had little effect, and overall economic growth is widely expected to decelerate further in the coming months.

Efforts to rein in private-sector firms spooked investors at home and abroad.

The World Bank in December cut its 2022 forecast for China to 5.1% from 5.4%, which would mark the third-slowest growth year since China's economy started taking off in the late 1970s. The International Monetary Fund earlier lowered its forecast to 5.6% from 5.9%.

Chinese leaders appear to realize that to implement additional painful reforms at this point risks cutting economic growth further—in a politically sensitive year when President Xi Jinping is widely expected to seek a third term in power. Thus, to ensure political stability, Chinese leaders are likely to put on hold new forms of tightening, as well as changes aimed at narrowing social inequalities.

"The chance for Beijing to launch new hawkish regulations is getting much less likely this year," says Robin Xing, chief China economist at Morgan Stanley.

Many economists expect Beijing to set a growth target of at least 5% to help stabilize expectations ahead of the party congress, to be held sometime in the fall.

Adding to the complexity of policy-making is Beijing's strategy to stamp out Covid-19 infections with severe lockdowns and movement restrictions, in particular ahead of the Winter Olympics in Beijing and surrounding sites next month.

A recent wave of Covid cases is starting to disrupt China's manufacturing output and its already-strained supply chain. Factories last fall suffered from a temporary electricity shortage in part because authorities in some regions imposed caps on coal output.

Households, meanwhile, could be even more reluctant to spend as smaller businesses, especially those in close-contact services industries like hospitality, get hammered by China's "zero-tolerance" strategy, which includes neighborhood lockdowns, location tracking and restrictions on travel in an effort to eradicate the virus completely.

In addition, "the massive fiscal spending used to fight Covid-19 could reduce the governments' investment in other, more productive areas," Ting Lu, an economist with Nomura Holdings, wrote in a recent note.

Goldman Sachs recently lowered its forecast for Chinese growth this year to 4.3%, from 4.8%, based on expectations that Covid-19 will continue to inspire restrictions on people's movement and on work that take an increased toll on the economy.

Many economists expect China's central bank to further loosen its monetary policy in the coming months, including a possible cut of key interest rates.

Meanwhile, export demand—though it propelled China's initial rapid rebound from the pandemic—is expected to taper off this year.

The broad-based slowdown in the property sector, which accounts for at least 20% of China's overall economic activity, is expected to continue, with more cities seeing home prices falling. The property market will enter the "darkest moment" in the first half of this year, and will become the biggest growth headwind in 2022, says Macquarie Group.

In the long run, analysts say that Beijing is unlikely to loosen its grip over China's private sector, regardless of the effect it may have on investors.

Shuang Ding, an economist at Standard Chartered in Hong Kong, says: "Policy makers have realized that they went too far in some aspects of regulations last year. But I don't expect any major reversal [in regulations] as the policies will set the tone for China's development in the next five to 10 years."

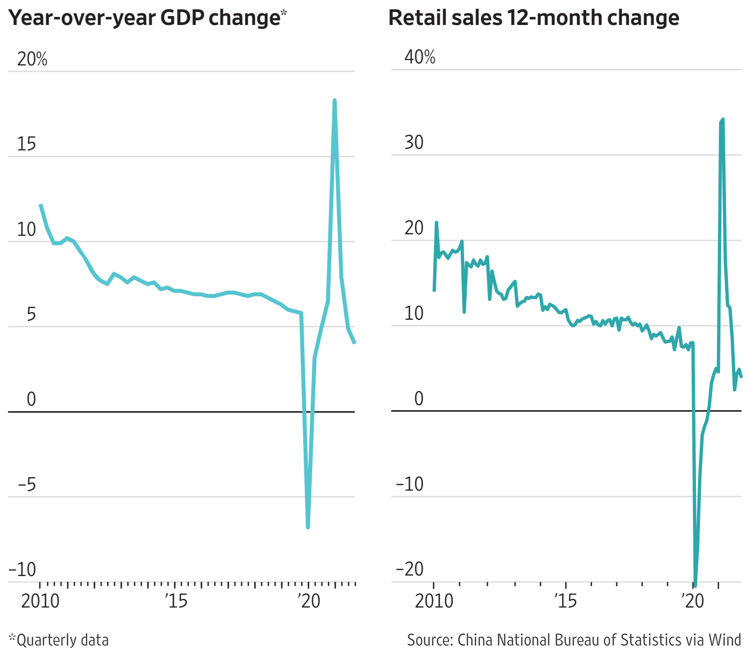
George Magnus, an associate at the China center at Oxford University, says, "The authorities do recognize that the current development model in China no longer fits with their purposes, but I don't think they have any sympathy or support for a Western-type of solution such as [deregulating] the private sector. The state playing a more central role will be the way forward."

In China, Mr. Magnus says, "politics will always trump economics."

Ms. Xie is a Wall Street Journal reporter in Hong Kong. Email stella.xie@wsj.com.

Growth Under Pressure

China's GDP took a hit from the pandemic and after rebounding early last year is under strain from the regulatory flurry. Its retail-sales recovery has mostly trailed the economy since the start of the pandemic.



*Quarterly data

Source: China National Bureau of Statistics via Wind

Schools Face Third Academic Year of Pandemic Disruption

Educators look for ways to mitigate the learning and emotional toll

By Ben Chapman

Educators are preparing to contend with the pandemic on a long-term basis as it continues to take a toll on children around the world, even with schools largely back in session.

Interruptions continue, behavior and emotional issues persist among students, and many of them have lost a significant amount of time in classrooms since the Covid-19 virus emerged and schools went remote.

"It's Covid, Covid, Covid," says Mike Petrilli, president of the Thomas B. Fordham Institute and research fellow at Stanford University's Hoover Institution. "We accept that we're not going to squelch this disease and that schools are going to have to figure out new policies for how to cope."

Children face learning loss, with studies showing that they are behind in math and reading, and face setbacks in social-emotional development due to disrupted in-person instructional time. A third-grader hasn't had regular school since kindergarten, for example. Missed milestones for younger children include skills like learning to work in groups and eating lunch in cafeterias, teachers say. Districts are focused on supporting those students, while preparing for the next wave of the virus, Mr. Petrilli says.

Xhora Nisbett, age 7, attends school from home in Norristown, Pa.

Taking temperature

In tackling academic and socialization delays caused by the pandemic, districts are beginning to assess children, to identify areas of weakness and build strategies for addressing them. Some are adding tutoring for students who have fallen behind, extending the length of school days and creating longer school years.

After seeing a rise in disruptive behavior in classrooms, Dallas schools eliminated suspensions and added counseling. A Phoenix school added a literacy component to every class, including music and physical education, after seeing so many fourth-graders reading at a second-grade level, or where they were before the pandemic.

And some schools across the U.S. added mental-health days, when classes were canceled to give students, teachers and staff a break, after they found that learning during a pandemic was exacting a toll.

Trouble recruiting

Schools around the globe are also trying to devise ways to deal with challenges in staffing, says Dan Domenech, executive director of AASA, the School Superintendents Association. Mr. Domenech says districts are facing unprecedented problems recruiting and retaining teachers and support workers.

Many teachers have left the profession due to heightened stress levels caused by disrupted school schedules, including behavioral problems in the classroom, Mr. Domenech says. Districts have yet to identify pipelines for delivering new teachers to schools, he says.

The shortage of teachers is also affecting schools' efforts to improve remote-learning options and expand the delivery of virtual lessons. In many cases, there simply isn't enough staff to handle the increased responsibilities of ramping up online learning.

"The pandemic is going to require, at the very least, a change in the way that education is delivered in schools—a move away from the traditional 'one teacher in a classroom' model," Mr. Domenech says.

Mr. Chapman is a Wall Street Journal reporter in New York. He can be reached at ben.chapman@wsj.com.

PHOTOS (FROM TOP): ANDREA VERDELLI/BLOOMBERG; RACHEL WISNIEWSKI FOR THE WALL STREET JOURNAL