

What's News

Business & Finance

◆ **Kimberly-Clark** agreed to buy Tylenol maker Kenvue for more than \$40 billion in a cash-and-stock deal that is one of the biggest takeovers of the year. **A1, A6**

◆ **Vulcan Elements** and ReElement Technologies reached a \$1.4 billion deal with the U.S. government for a domestic supply of rare-earth magnets. **A2**

◆ **The S&P 500** and Nasdaq rose 0.2% and 0.5%, respectively, on the first trading day of November, while the Dow industrials fell 0.5%. **B9**

◆ **Fed governor Lisa Cook** in her first public remarks since Trump attempted to fire her said that she supported last week's decision to cut interest rates. **A2**

◆ **ChatGPT maker OpenAI** agreed to pay Amazon.com \$38 billion for computing power in a multiyear deal. **B1**

◆ **Pfizer filed a second** lawsuit against Metsera and Novo Nordisk, alleging the weight-loss drug developers' recent merger agreement would violate federal antitrust laws. **B1**

◆ **Starbucks is selling** a majority stake in its China business to Boyu Capital for \$4 billion, a deal that brings an outside partner to oversee its second-largest market. **B1**

◆ **BP agreed to sell** interests in its U.S. midstream assets to Sixth Street for \$1.5 billion as it continues to look for ways to pay down net debt. **B3**

◆ **Factory-activity gauges** in Asia reflected a divergence across major exporting economies as worries over U.S. tariffs continued to cause shifts in supply chains. **A9**

World-Wide

◆ **Senior Trump** administration officials dissuaded the president from discussing the potential sale of a new generation of Nvidia's AI chips to China at his meeting with Xi in South Korea last month. **A1**

◆ **The government said** it would use emergency funds to pay partial benefits under the federal food-assistance program for November, but warned there could be delays in some states. **A3**

◆ **Israeli police detained** the country's former top military lawyer on suspicion of "serious criminal offenses" and for her role in leaking a video in the case of alleged abuse of Palestinian prisoners. **A10**

◆ **The U.S. is working** toward a possible humanitarian truce in Sudan and ICC prosecutors said they were trying to preserve evidence from a recent attack in the Darfur region. **A10**

◆ **Vietnam is emulating** China in the construction of artificial islands in the South China Sea, creating a heavily fortified archipelago that expands its military footprint. **A8**

◆ **China has spent months** building up its oil reserves, providing a cushion that could soften any blow from new U.S. sanctions on Russian crude. **A8**

◆ **A driver who crashed** his pickup truck into a 2024 July Fourth barbecue in a New York City park, killing four people, was convicted of murder. **A2**

◆ **A Harvard Medical School** building reopened amid an active investigation into a week-end explosion that authorities said was intentionally set off. **A2**

◆ **Died: Diane Ladd**, 89, film, TV and stage performer. **A2**

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Travel Industry Sounds Alarm Over Shutdown



HOLIDAY BLUES: Planes line up at Chicago O'Hare on Monday. Hundreds of travel businesses are asking Congress to reopen the government, citing fears about Thanksgiving travel snarls as air-traffic controllers and other workers go without pay. **A3**

Trump Aides Sank Nvidia Push To Export AI Chips to China

President, hearing from his inner circle, opted not to discuss policy shift with Xi

Shortly before President Trump met Chinese leader Xi Jinping in South Korea, an urgent issue emerged. Trump

By Lingling Wei, Amrith Ramkumar and Robbie Whelan

wanted to discuss a request by Nvidia Chief Executive Jensen Huang to allow sales of a new

generation of artificial-intelligence chips to China, current and former administration officials said.

Greenlighting the export of Nvidia's Blackwell chips would be a seismic policy shift potentially giving China, the U.S.'s biggest geopolitical competitor, a technological accelerant. Huang—who speaks to Trump often—has lobbied relentlessly to maintain access to the Chinese market.

As they prepared to meet Xi, top officials including Secretary of State Marco Rubio told Trump the sales would threaten national security, say-

ing they would boost China's AI data-center capabilities and backfire on the U.S., the officials said.

The U.S. was already preparing to make other concessions in the meeting with Xi, in exchange for Beijing allowing exports of rare-earth magnets. Others against the approval, the officials said, included U.S. Trade Representative Jamieson Greer and Commerce Secretary Howard Lutnick, who helped lead trade talks.

Faced with nearly unified opposition from his top advisers, Trump decided not to discuss the advanced Nvidia chips

during his Oct. 30 meeting with Xi in Busan, South Korea, the officials said.

Trump's ultimate decision marked a victory for Rubio and other Trump advisers over Huang, leader of the world's most valuable public company. Exports of Blackwell chips to China are potentially worth tens of billions of dollars in sales and could help Nvidia keep Chinese AI companies hooked on Nvidia's technology.

Nvidia is awaiting approval from the Trump administration to move ahead with a less powerful version of its Blackwell

Please turn to page A4

Tariffs Didn't Bring Doomsday Or Huge Benefits to Economy

By KONRAD PUTZIER

When President Trump announced sweeping tariffs in April, economists predicted surging inflation and increased the likelihood of a recession. Companies and consumers stockpiled to get ahead of price rises. Those worries now seem overblown.

Inflation, while too high, is lower than forecasts. And the economy continues to grow despite the steepest tariffs in almost a century.

"I'm not sure they've mat-

tered as much as people thought they would," said Kelly Kowalski, head of investment strategies at MassMutual.

At the same time, the promised benefits of tariffs also largely haven't come to pass: Revenues from Trump's levies have been far lower than the Treasury Department predicted, and there are few signs of a domestic manufacturing boom.

Annual inflation was 3% in September, above the Federal Reserve's 2% target. Tariffs have played a role, but a muted

one, pushing up prices for goods such as furniture and apparel. One reason: The real tariffs companies pay are lower than the headline numbers suggest. This is underscored by weaker-than-expected customs and excise taxes collected by the U.S. Treasury.

The U.S. Treasury is on track to collect \$34 billion in October, according to a Pantheon Macroeconomics analysis of cus-

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◆ Tariffs take toll on Asian exporters..... A9

Houthi Leader Defies Odds Against Him

Abdulmalik Al-Houthi has outlasted other militants in the Arab world

Over the past two years, Israel has systematically killed off or hobbled the leaders of its most-powerful enemies: Hamas, Hezbollah and Iran. Yet it hasn't been

By Saleh al-Batati, Rory Jones and Summer Said

able to neutralize one, whose unrelenting resistance has made him, in the eyes of supporters, the last militant leader still fighting in the Middle East.

Diminutive and soft-spoken, Abdulmalik Al-Houthi has survived relentless attacks by Israel, the U.S. and other regional powers by hiding out in caves and never appearing in public while counting on Iran's support to help keep his rebel movement in power in Ye-

men. For more than a decade as commander of Houthi forces, his playbook has been to keep challenging more formidable opponents with brazen missile attacks, gambling they have more to lose than he does.

Israeli officials say they believe Al-Houthi intends to keep doing that, especially now that the war in Gaza has helped raise his profile in the Arab world, where he is seen by many as the last and most credible defender of the Palestinian cause.

While Israel and the Arab world were expressing support at the end of September for President Trump's plan to end the war in Gaza, the Houthis were hitting a Dutch-flagged ship with a cruise missile, leaving it in danger of sinking. That ex-

Please turn to page A10

These Adults Tear Down Walls To Make Room for Lego Lairs

Giant sets and dioramas take over homes as spouses draw the line; 'It's a slippery slope'

By TE-PING CHEN

Cristie North's version of utopia is built from thousands of plastic bricks and takes up most of her basement.

There's a bustling main street and a beach with swimmers. There's a moving roller coaster and Ferris wheel and tiny pedestrians. All rendered in Lego. The 55-year-old's Salt Lake City house has undergone multiple construction projects, including tearing down walls, to make room for her toy projects.

North, an executive at a mortgage company, says she's spent \$100,000 to build her Lego world and the space to display it. That excludes costs for the large Lego mosaic she commissioned for outside the basement room that's become her Lego lair.

"I kept wanting to make it bigger and better," North said of the town, which she started building in 2022, not long after she bought her first Lego kit to stave off boredom during the pandemic. "It just feeds my soul."

North opens the door to her Lego room via a fingerprint scanner. She's considering adding cameras around the setup so she can view it when traveling.

In recent years, Lego has cultivated a devoted base of adult fans, who might not have been able to afford the pricey Danish kits as kids but now come armed with fervor and disposable income.

That creates a new problem, since the biggest Lego sets have thousands of pieces and quickly eat up available display

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INSIDE



JASON GAY

Did the Blue Jays blunder the series with a bunt? Thoughts after a riveting Game 7. **A14**



BUSINESS & FINANCE

Chipotle's big bet on younger consumers is unraveling amid economic pinch. **B10**

GENE J. PUSKAS/AP



U.S. NEWS

Rare-Earth Startups Seal \$1.4 Billion Deal

By Heather Somerville

Two startups aiming to produce an American supply of rare-earth magnets have sealed a \$1.4 billion deal with the U.S. government and private investors. It is the latest sign that the Trump administration is moving to build out a domestic rare-earths supply chain and thwart China's sector dominance—and willing to pay large sums for it.

Led by **Vulcan Elements**, the deal involves a \$620 million loan from the Defense Department's Office of Strategic Capital to build and operate a U.S. magnet facility capable of producing 10,000 metric tons of magnets each year, the company said Monday.

The Commerce Department is chipping in \$50 million and private investors are putting in another \$550 million.

Rare-earth magnets are essential for the construction of motors needed in AI data centers, electric vehicles and consumer electronics as well as missiles, drones, satellites, ships, jet fighters and other defense systems. China has long dominated the supply chain, from mining to processing.

Also involved in the deal is ReElement Technologies, a company that works to purify and recycle rare-earth materials, which will help in the recycling of old magnets to boost domestic production. ReElement secured \$160 million from the Office of Strategic Capital and private investors.

In return for the funding, Vulcan said the Commerce Department would receive \$50 million of its equity. The De-



An MP Materials rare-earth magnet factory in Texas. In July, MP Materials said the Defense Department had taken a 15% stake.

fense Department would receive warrants in both Vulcan, based in Raleigh, N.C., and ReElement. Warrants offer the ability to buy stock at a preset price.

It is a fresh move by the administration to take equity in private companies building technology that President Trump has given priority to. In July, **MP Materials**, the U.S.'s largest rare-earths miner, said the Defense Department had taken a 15% stake. In August, the administration acquired a 10% stake in

**Intel**. That followed a deal with AI chip makers **Nvidia** and **Advanced Micro Devices** to take a 15% cut of their sales to China.

The deal marks a major boost for the newly formed Vulcan Elements, led by former Navy officer John Maslin, which in March unveiled its first commercial manufacturing facility. It announced a \$65 million venture-capital raise this summer.

The startup's magnet production has received huge demand since China first imple-

mented export curbs on rare earths and critical minerals essential to U.S. manufacturing and defense—and which are difficult or impossible to source elsewhere.

ReElements's involvement in the deal shows the important role that rare-earth magnet recycling, rather than just mining, is going to play in supplying new factories in the U.S.

U.S. manufacturers and defense contractors have been scrambling for alternatives, and the shortage has ampli-

fied the vulnerabilities of dependence on China for these critical materials since Beijing put strict export restrictions on them late last year.

American companies subsequently had to seek permission from Beijing and prove their products weren't used in defense.

In recent days, China rolled back some of the curbs on rare-earth exports. After trade talks with Chinese leader Xi Jinping last week, Trump said that the hostilities over rare earths "has been settled."

Fed's Cook Mindful of Job Picture In Vote to Cut Rates

By Nick Timiraos

Federal Reserve governor Lisa Cook said she supported last week's decision to cut interest rates because she thought weaker-than-expected job-market conditions remained a greater risk than persistent inflation.

On Monday, Cook echoed central themes from Fed Chair Jerome Powell's press conference last week, including that interest rates remain modestly restrictive after the latest cut and that the Fed faces a challenging set of trade-offs ahead. Lowering rates too much could risk a period of higher inflation while keeping them too high raises the risks of a sharp economic deterioration, she said.

Cook didn't weigh in directly on whether the central bank should cut interest rates again at its next meeting in December. "Every meeting, including December's, is a live meeting," she said.

Cook's remarks, delivered at the Brookings Institution in Washington, D.C., represented her first public comments since President Trump attempted to fire her in August over alleged misrepresentations on two mortgages she obtained in 2021, which she denies. Former President Joe Biden nominated Cook, who was confirmed by the Senate, to the Fed board in 2022. She began serving a term last year that runs into 2038.

Cook said she wouldn't address the historic legal battle in her talk on Monday because it would be inappropriate given the continuing litigation, but she said she was "beyond grateful" for the support she has received and pledged to continue doing her job.

Factory Activity Retreat Persists

By Ed Frankl

U.S. factory activity retreated at a slightly sharper pace this month, as production fell into contraction, according to a survey of manufacturing firms.

The Institute for Supply Management said Monday that its purchasing managers index of manufacturing activity fell to 48.7 in October from 49.1 in September. Economists polled by The Wall Street Journal had expected the index to edge up to 49.3.

With the reading still below 50, it points to contraction in activity in the sector for the eighth month in a row, though a score above 42.3 on the index generally tallies with expansion in the wider U.S. economy.

"In October, U.S. manufacturing activity contracted at a faster rate, with contractions in production and inventories," said Susan Spence, chair of the ISM Manufacturing Business Survey Committee.

The index for production in particular fell into contraction after growing in September. New orders and employment also contracted in October, the data showed.

ISM manufacturing purchasing managers' index



U.S. WATCH



Diane Ladd received a star on the Hollywood Walk of Fame in 2010. She was nominated for an Academy Award three times.

OBITUARY

Diane Ladd, 89, Oscar Nominee

Diane Ladd, the three-time Academy Award nominee whose roles ranged from the brash waitress in "Alice Doesn't Live Here Anymore" to the protective mother in "Wild at Heart," has died at 89.

Ladd's death was announced Monday by daughter Laura Dern, who issued a statement saying her mother and occasional co-star had died at her home in Ojai, Calif.

A gifted comic and dramatic performer, Ladd had a long career in television and on stage before breaking through as a film performer in Martin Scorsese's 1974 release "Alice Doesn't Live Here Anymore." She earned an Oscar nomination for supporting actor for her turn as the acerbic, straight-talking Flo, and went on to appear in dozens of films.

—Associated Press

NEW YORK CITY

Driver Convicted In Barbecue Crash

A driver who crashed his pickup truck into a July Fourth barbecue and killed four people was convicted Monday of murder in the 2024 wreck in a New York City park.

A Manhattan judge delivered the verdict in Daniel Hyden's trial.

Ana Morel, 43; Emily Ruiz, 30; Lucille Pinkney, 59; and a nephew, Herman Pinkney, 38, were killed in the crash in Corlears Hook Park on Manhattan's Lower East Side.

"These individuals tragically died because of Mr. Hyden's irresponsible, callous, criminal actions," Manhattan District Attorney Alvin Bragg said after the verdict. Seven other crash victims suffered injuries that still afflict many of them, he said.

—Associated Press

MASSACHUSETTS

Explosion Probed At Harvard Building

A Harvard Medical School building has reopened while an active investigation continues into a weekend explosion that authorities said was intentionally set off.

An officer who responded to a fire alarm early Saturday morning encountered two people running from the Goldenson Building, according to university police.

The explosion occurred on the fourth floor of the building, which houses labs and offices associated with the medical school's Department of Neurobiology.

The Boston Fire Department determined that the explosion was intentional. Officers didn't find additional devices in a sweep of the building, police said. No one was hurt.

—Associated Press

Impact Of Tariffs Is Muted

Continued from Page One  
toms data. If that pace continues, the U.S. would be on track for \$400 billion over a full year, short of Treasury Secretary Scott Bessent's August prediction that tariffs could bring in between \$500 billion and \$1 trillion a year.

These tariff revenues suggest that the effective average rate companies pay is about 12.5%, Pantheon says—far below the headline numbers, which average over 17% according to some estimates.

Loopholes and exemptions mean many goods avoid higher levies. At the same time, companies have moved production from countries facing high tariffs—especially China—to countries such as Vietnam, Mexico and Turkey that face lower levies for many goods. That pushes down effective rates.

"They're saying: I'm not

avoiding offshore, but I'm diversifying," said Randy Altschuler, chief executive of Xometry, an online marketplace that connects manufacturers with suppliers around the globe.

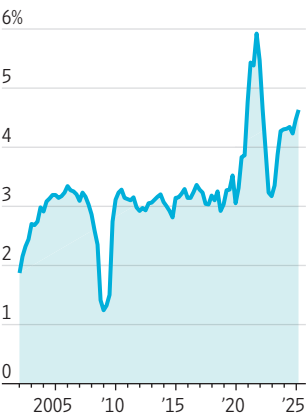
Companies have also avoided costs by rushing to build up inventories ahead of tariffs.

Signet Jewelers, which imports about half its finished jewelry from India, plans to use bonded warehouses, where products can be stored duty-free for a while, and move production to other countries to minimize tariff costs, Chief Operating and Financial Officer Joan Hilson said during a September earnings call.

Logistics company GXO, which operates warehouses across the U.S., is noticing more demand for free-trade zones, CEO Patrick Kelleher said. Companies are also thinking harder about how many goods to import, to avoid paying tariffs on inventory that only ends up sitting in warehouses, he said.

Even where U.S. companies have to pay full tariffs, they are passing only some of these costs on to consumers. Bank of America estimated that consumers are paying 50% to 70% of tariff costs so far, with com-

Quarterly retail profit margins



Note: Four-quarter average, by quarter  
Source: Pantheon Macroeconomics

panies covering the rest. A key reason: Corporate profit margins are much higher today than before the pandemic, making it easier for companies to pay tariffs without raising prices.

Retailers are in a position to afford to pay 30% of the tariff costs and still keep their profit margins at about the level they averaged during the 2010s, Pantheon estimated.

Take the car industry. Average auto prices in September were about 1.1% higher than in

March, after adjusting for seasonality, according to JPMorgan, even though car imports from many countries faced tariffs of 15% or more.

That number implies car-makers are paying about 80% of the tariff costs and only passing 20% on to customers, JPMorgan estimated. Car prices are up significantly since 2020, and manufacturers worry that consumers simply can't afford to pay more. The same post-pandemic inflation that boosted prices also padded profit margins, making it easier for car-makers to absorb tariffs today.

Clothing brand Aritzia faces double-digit reciprocal tariffs on its imports from Vietnam and Cambodia, and the closure of the de-minimis loophole for small online orders means many of its products can no longer avoid these duties. Still, the company is profitable enough to absorb a hit.

Without the tariffs, the company's adjusted profit margin before interest, taxes, depreciation and amortization would be between 18% and 19% this fiscal year, executives at the company said. Instead, the company is now forecasting a still-comfortable margin of 15.5% to 16.5%.

CORRECTIONS & AMPLIFICATIONS

**Conway Stewart sold** a limited-edition replica of a fountain pen from one of the "Indiana Jones" movies. A Page One article on Monday about fountain pens misspelled the company's name

as Conway Stuart.

**Nevline Nnaji blogs** under the name N3VLYNNN. A Review article on Saturday about gender identity incorrectly said N3VLNN.

Readers can alert The Wall Street Journal to any errors in news articles by emailing [wsjcontact@wsj.com](mailto:wsjcontact@wsj.com) or by calling 888-410-2667.

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U.S. NEWS

U.S. Will Pay Partial Food-Aid Benefits

By Lydia Wheeler  
And Sabrina Siddiqui

The U.S. government said Monday that it will use emergency funds to pay partial benefits under the federal food-assistance program for November, but warned the process could result in delays in some states.

U.S. District Judge John McConnell in Rhode Island had directed the administration to detail how it would comply with his order Friday requiring the government to use emergency funds to keep the Supplemental Nutrition Assistance Program, or SNAP, going during the shutdown. The judge gave the government two options: Use billions of dollars in contingency funding to make only partial payments, or find other sources of funding to supplement that and pay the full amount.

The government said in a filing Monday there was about \$4.65 billion in emergency funding to cover roughly 50% of monthly payments for eligible households. SNAP benefits typically total about \$8 billion a month for approximately 42 million people. It doesn't plan to tap other funds to pay the full amount, it added.

Patrick Penn, an Agriculture Department official who oversees the SNAP program, said in a court filing that "there are procedural difficulties that States will likely experience which would affect November SNAP benefits reaching households in a timely manner and in the correctly reduced amounts." For some states, the required system changes that have to be implemented could take weeks or several months, and could lead to payment errors and significant delays, he added.

McConnell, an Obama appointee, was one of two judges last week to rule the administration must use contingency funds to keep paying the food-assistance benefits. President Trump later said in a social-media post that he was willing to find a way to keep food-assistance benefits flowing.

The government initially said ahead of the shutdown it would keep paying SNAP benefits using emergency funding. But on Oct. 10, the USDA warned state agencies who administer SNAP that if the shutdown continued, it wouldn't have enough funding to send full benefits to people in November. In an Oct. 24 memo, the agency said contingency funds weren't "legally available" to pay SNAP benefits starting Nov. 1.

The groups challenging the government's move said it was obligated to use contingency funds to keep the program going during the shutdown. The government argued that because SNAP's appropriation had lapsed as a result of the shutdown, it couldn't lawfully use emergency funds. Even if it could, it argued, the available contingency funds wouldn't be enough to pay full benefits in November.

Penn said in Monday's filing that the government decided not to tap in to funds allotted for child-nutrition programs to pay November SNAP benefits in full. It would be an "unacceptable risk" to create a shortfall in child-nutrition program funds to fund one month of SNAP benefits and it merely "shifts the problem to millions of America's low-income children that receive their meals at school," Penn said.

Democracy Forward, a legal organization representing some of the groups that challenged the suspension of benefits, said the government's decision to only issue partial payments "will not only prevent people from getting the full sustenance they need but also delay payments going out altogether."

SNAP recipients across the country have been in limbo since the Trump administration first said it wouldn't issue payments for November because of the shutdown. Many of them had received notifications last week from Propel, an app for recipients to check their balances, stating that benefits had been paused.

On Friday, another update appeared: "Your November SNAP deposit will arrive, but it may be delayed. This is an evolving situation. We'll keep you updated."

Nantucket Votes on Tourism Limits

By Jared Mitovich

NANTUCKET, Mass.—Local voters here will decide Tuesday just what kind of place this small island should be.

They have two measures to decide on Election Day: one would put tight limits on rental housing, which boosters say would preserve more real estate for islanders. A competing measure ensures Nantucket stays open to both long- and short-term renters, who some property owners and small businesses say are vital for the local economy.

The dueling proposals encapsulate a long-running and contentious struggle that has fractured relationships, prompted court battles and sparked feuds among millionaires and billionaires. Voters already have battled down eight proposals in the past five years that would restrict short-term rentals, but the fight keeps intensifying. This one involves an especially consequential question for out-of-towners: whether weekenders are welcome.

"This divisive rhetoric has really just driven a wedge into the community," said Liza Hatton, a real-estate broker who has lived year-round on the island since 2011 and supports short-term rentals.

Nantucket has transformed over centuries from a whaling port to a wealthy seasonal enclave, where typical homes cost millions of dollars yet many sit empty all winter. Roughly 11% of the housing stock there is used for short-term rentals, according to data compiled by the island's finance committee. Many more are seasonal homes.

Tuesday's town-meeting vote could lead to complicated outcomes. Voters could turn down both measures, each of which requires a two-thirds majority to be approved. They could pass one, or both. In the



Residents will vote at a town meeting Tuesday on a proposal limiting rentals and one ensuring short- and long-term rentals.

latter case, the state attorney general might have to step in to sort out the town's position.

Nantucket summer resident Peter McCausland, the 75-year-old founder of the industrial gas company Airgas, has been leading the effort to limit short-term rentals.

A Florida resident with a Pennsylvania farm, he launched a political organization in 2019 called ACK Now (ACK is the island airport code) that pledged to "protect what the community loves about Nantucket."

The group has campaigned for restrictions on short-term rentals and backed lawsuits against residents operating rentals. The group also is paying owners to convert their rentals into year-round housing.

"There's an overcapacity of rentals," McCausland, who met his wife on the island in 1972, said. "You're losing the

neighborhood feel."

The proposal his side is pitching would limit home rentals to no less than seven days. The proposal also includes a provision that says a home rented for a 49-day maximum during the peak summer season could be booked for only three weeks during the rest of the year.

McCausland says he worries about Nantucket real estate being out of reach for many people who work there. He cited a local contractor who has done work for him and whose wife wants to move off-island. "All their friends have moved because they can't afford to live here," he said.

Many island workers say they are worried such restrictions would damp tourism, especially outside the busy summer months. The town finance director estimates that Nantucket could lose at least \$2.5

million in annual tax revenue from less short-term rental tax collections.

"It's detrimental," said Brian Borgeson, a charter fisherman and homeowner who sponsored the pro-rental measure, known as Article 1. He said two-thirds of his customers are vacationers, including wedding partygoers who rent for somewhere between a weekend and a week. He said Tuesday's vote is about preserving an "island for everybody" culture.

Over six years of debate—and as of yet, no consensus—tensions have grown increasingly pitched. This summer, the town received five calls to its short-term rental complaint hotline claiming that properties were being operated as businesses without permits.

All were found to be unfounded, a spokesperson said.

Ralph Keith, 83, and his

wife moved off the island after being sued over their short-term rental in another lawsuit funded by McCausland's group.

"They don't seem to recognize Nantucket as a tourist destination anymore," said Keith, a Marine Corps veteran who first visited the island as a child. "I'm not sure what they recognize it as."

The pro-restriction campaign has handed out fliers outside a local Stop & Shop supermarket, while the pro-rental crowd has flooded Facebook.

McCausland isn't eligible to vote—voters have to be registered in Massachusetts with a primary residence on the island.

"People are really voting for their livelihoods, and I think we're gonna see record voter turnout," said Stephen Maury, who runs a real-estate portfolio covering half of all short-term rentals on the island and will vote to permit them.

Travel Industry Raises Shutdown Alarm Bells



Travelers waited in security lines at the George Bush Intercontinental Airport in Houston on Monday.

By Siobhan Hughes

WASHINGTON—Hundreds of travel businesses, including casinos, hotels and convention bureaus, are asking Congress to end the monthlong government shutdown by immediately passing a straightforward spending bill, in a letter citing worries about the holiday travel season.

The letter signed by nearly 500 companies and groups adds to the pressure on Democrats to give up their drive for a broader deal before voting to reopen the government. Since the shutdown started Oct. 1, government workers including air-traffic controllers and passenger screeners have gone without pay, leading to

delays and safety concerns.

Americans "expect and deserve a fully functioning federal government during the peak holiday travel season," the travel entities wrote in the letter led by the U.S. Travel Association and sent to the Republican and Democratic leaders of the House and Senate. "Congress must act without delay to pass a clean continuing resolution to reopen the government immediately and ensure full federal operations are restored in advance of the Thanksgiving travel period."

Senate Democrats have blocked a GOP measure funding the government through Nov. 21, attempting to force Republicans to extend en-

hanced Affordable Care Act subsidies that help 22 million people pay for health insurance. Senate Republicans have said they will discuss the subsidies only after Democrats agree to reopen government.

The travel-industry letter was signed mostly by small businesses and groups that promote travel. But it was also signed by giants including **MGM Resorts International, Hilton, Omni Hotels and Resorts** and the Las Vegas Convention and Visitors Authority.

"A continued shutdown is likely to significantly suppress travel demand and spending, creating a real threat to American workers, businesses, and the overall economy," the letter said.

Airports to Use Facial Recognition To Screen All Foreign Travelers

By Angus Loten

The Department of Homeland Security is directing border-patrol agents to screen all foreign travelers with facial recognition tools as they enter and leave the U.S., seeking to identify immigrants who entered the country illegally or overstayed visas, the agency said.

Expanding the use of facial recognition at border checkpoints will "make the process for verifying the identity of aliens more efficient, accurate and secure," DHS said.

The move, set to take effect in late December, would also create a massive biometric database on non-U.S. citizens that risks becoming a rich source for deepfakes and other cybercrimes, security experts said. Biometric data can include fingerprints or voice patterns to identify individuals. Initially, the new directive will apply only to photos and at commercial airports. The agency plans to eventually extend the screening to all air, sea and land ports of entry.

"Anytime you collect and build a large, centralized data-

base of biometrics, especially one which can span decades and include data from millions of individuals, it creates the opportunity for long-term risk," said Patrick Joyce, global resident chief information security officer at cybersecurity firm Proofpoint.

Under the new policy, announced last week, the photos and data gathered at border crossings—primarily at major airports—will be stored for as many as 75 years. Photos of U.S. citizens will be deleted within 12 hours, the agency said.

The U.S. Customs and Border Protection agency declined to comment on the new policy.

The federal government has collected biometric data on some foreign travelers entering the U.S. for decades. The new policy would extend these efforts to include all noncitizens, both as they enter and leave the country.

"The growing use of facial recognition by CBP reflects a broader trend toward biometric security, but it also exposes a serious and often overlooked risk," said Eran Barak, chief executive of data-security firm

MIND: "Unlike passwords, biometric data is immutable." That means once the data is compromised, Barak said, "it's compromised forever."

Most foreign travelers enter the U.S. at international airports in major cities, including New York, Miami and Los Angeles, which are equipped with facial recognition technology.

Tom Grissen, chief executive of Daon, a biometric identity verification and multifactor authentication firm, said biometric security for immigration checks involves capturing both an individual's photo and identity card—typically a passport—and matching one to the other. That creates a biometric template stored for future matching. At a border crossing, a face scanner matches the traveler against the stored template. "If a bad actor could get away with using an image or video, quality biometric systems utilize photo and replay detection, instantly flagging that it's not a real person," Grissen said.

The systems aren't foolproof. Hackers in 2019 obtained images of travelers and license plates gathered by border-patrol agents in a facial recognition pilot project at a Texas land crossing.

Angus Loten writes for WSJ Pro Cybersecurity

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U.S. NEWS

# Democrats Pin Hopes on Affordability

By Aaron Zitner

President Trump, who promised to use his business savvy to bring down everyday costs, is facing discontent over his handling of the economy and inflation. Democrats see an opportunity.

Tuesday's elections for governor in Virginia and New Jersey, and for mayor in New York City, will test whether Trump's low economic ratings can help Democrats make the case that they have the better plans to lower the cost of living.

Affordability has become a central theme for Democrats not only in the three marquee races on Tuesday but among the party's candidates across the country as contests take shape ahead of next year's House and Senate elections. The Democratic Party, struggling with its weakest brand image in decades, is hoping the

issue can propel them to electoral victory and bridge the deep divides on policy between liberals and centrists.

Democrats sense the issue could help them rebuild their credibility because there are signs that voters no longer give Trump the high trust he once earned during the booming, pre-Covid economy of his first term. By 24 points, more voters disapprove than approve of Trump's handling of inflation, the Real Clear Politics average of public polls finds, and the deficit is 14 points on his handling of the economy overall.

"Affordability has become the No. 1 issue for Democrats, which includes the state of the economy and healthcare," said Jim Kessler, an executive vice president at the centrist Democratic group Third Way.

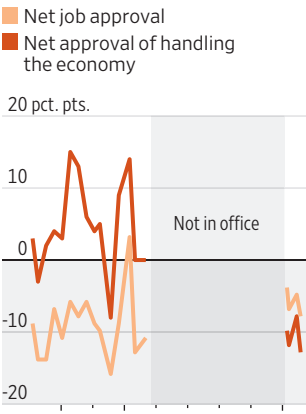
In Virginia's election for governor, Democrat Abigail Spanberger's campaign rests in large

part on her "Affordable Virginia" agenda, which promises to rein in pharmaceutical middlemen and streamline permitting for certain home construction. Rising utility rates, a top issue in New Jersey, prompted Democrat Mikie Sherrill to put a promise to freeze rates at the center of her campaign for governor, though it is unclear that she would have the power to fully follow through.

And in New York, mayoral front-runner Zohran Mamdani has promised free child care through age 5, free city buses and a freeze on rents for tenants in rent-stabilized apartments, among other affordability proposals.

Their rivals in the three races have their own proposals. New Jersey Republican Jack Ciattarelli has promised to cap property taxes and end green-energy rules that he says have raised utility costs. Andrew

**Voters no longer give President Trump favorable marks on the economy.**



Source: CNBC quarterly polls most recently of 1,000 adults, conducted Oct. 8-12, 2025, margin of error +/- 3.1 pct. pts.

Cuomo, an independent candidate who is Mamdani's closest rival, would raise the city's minimum wage and bar higher-

income residents from moving into rent-stabilized apartments.

The Democrats' focus marks a change from 2024 and earlier years, when the party's attacks on Trump focused largely on his challenge to democratic norms and abortion rights. While many polls, including those by The Wall Street Journal, find that Trump's overall job approval rating has never topped 50% as president, his standing was buoyed in his first term by positive ratings on the economy. This year, by contrast, voters give Trump lower marks for handling the economy than for his overall job performance.

Republicans, more broadly, may now be surrendering another advantage. While voters have disapproved of Trump's economic stewardship, polling through much of this year showed that they nonetheless trusted his party more than the

Democratic Party to manage the economy.

An NBC survey released Sunday found voters trusting the GOP over Democrats by only a single percentage point, down from a 21-point advantage at about this point in 2023. A Gallup survey published in late October found a 4-point lead for Democrats as the party best able to keep the country prosperous. Republicans had led by 14 points in 2023.

Some pollsters and analysts caution Democrats shouldn't read too much into the shift. "It's hard to say that this shift has much of anything to do with what Democrats are doing," said Democratic pollster Jeff Horwitt of the NBC poll, which he helped conduct. The shift is "much more of a reaction to deep dissatisfaction with the Trump administration's inability to bring costs down," he said.

## Coal-Plant Rescue Divides Region

By Joe Barrett  
And Jennifer Hiller

PORT SHELDON TOWNSHIP, Mich.—The sprawling coal-fired power plant that has stood here on the shores of Lake Michigan since the 1960s was days away from shutting down in May.

Most workers had either retired or been reassigned, and the town even held farewell tours of the facility, known as the J.H. Campbell Complex.

Then the Trump administration ordered it to remain open.

This community, about 35 miles west of Grand Rapids, is now Exhibit A for a new Trump administration strategy: ordering fossil-fuel power plants slated for closure to keep operating.

President Trump this year declared a grid-reliability emergency, citing surging electricity demand for artificial intelligence and new manufacturing. The Energy Department ordered the Campbell plant to stay open, along with another in Pennsylvania. Industry experts expect more such orders. "We are going to stop closing existing, reliable power plants that are essential to our grid, and we are going to bring some common sense back," Energy Secretary Chris Wright said last month on Fox Business.

Now the Campbell plant sits in limbo: Keeping it open has cost \$80 million through Sept. 30, or about \$615,000 a day, its owner said recently. But closing it would require overturning an emergency order. The situation has plunged the heavily Republican area—in deeply divided Michigan—into an unusual debate.

On one side stand homeowners, environmental groups and Michigan's attorney general. They are fighting to rescind the order and shut down the plant for good.

"Everybody we talked to, Republican and Democrat, were glad it was closing," said Susan Hoekema, a retired attorney who has lived about 3 miles from the plant since 2006—and recalls black soot covering her windowsills. "It's kind of seen as a dinosaur around here."



Joseph McCarter, below at top, founded a group that is against the plant's demolition. Ottawa County board member Jim Barry sees problems including environmental issues at the facility.

A group called Save the Campbell wants a new local entity to take over the plant and use it to attract a data center instead of demolishing it. "I just don't get it at a time that we need more electric," said Joseph McCarter, an accountant who founded the group.

"I think people have just gotten a terrible misunderstanding of coal, given that each of its negatives can be economically addressed," he said. "I think it's gotten a bad rap."

Hundreds of coal plants have shut down in recent years, especially in competitive markets where coal has struggled to compete with cheaper natural gas.

Consumers Energy, a CMS Energy subsidiary and majority owner of the Campbell plant, had planned to replace Campbell's power generation with its 2023 purchase of a natural gas-fired plant and by relying on renewable projects.

Consumers Energy Chief Executive Garrick Rochow told investors recently that Campbell has a flexible, committed workforce and that more federal orders to keep it running are likely.

In Port Sheldon, the township where Campbell sits, there was little disagreement over



plans to close the aging facility, said township supervisor Michael A. Sabatino.

The plant, which could service up to one million people when all three units were online, was once the township's largest taxpayer. As development elsewhere took off, Campbell now represents less than 10% of the local tax base, Sabatino said.

Initially, questions arose about whether losing the plant would hamper the area's access to power. "A lot of that comes from not fully understanding that we're not connected directly to that plant with a cord—that we're part of this

larger grid," he said.

McCarter, founder of Save the Campbell, says the grid requires a balance of reliable sources. "There's a reason why it's a combination of coal and gas," he said.

After the Trump administration ordered the plant to remain open, McCarter called for a local co-op, assisted by the county, to take over the plant and bring in a data center to help finance it. So far, Ottawa County hasn't acted on that—although McCarter has won over several townships.

Jim Barry, a county board member whose district includes Port Sheldon, sees problems. "You've got an aging production facility, you've got legacy environmental issues from coal ash on site," he said. "Whatever authority that would take over something like this is assuming a ton of liability."

Gary Veldink, a Georgetown Township trustee, said he thinks a closure is shortsighted. "We're not ready to get rid of it yet," he said. "There's nothing that can replace that."

The Energy Department in August extended its order to keep the plant open for another 90 days, through Nov. 19.

By Jared Mitovich

Gerry Clauss is a former electrician. But he had never worried so much about paying for electricity until the power bill on his single-family home hit \$422 a month.

That was over the summer, so he turned off the air conditioner, began freeze-drying bulk food purchases rather than storing them in his electric freezer, and started shutting off his lights more often.

"It's got to the point where people will do what they gotta do to survive," the 65-year-old from Hainesport, N.J., said.

He said he plans to vote Tuesday for Republican Jack Ciattarelli in Tuesday's election for governor, motivated in part by soaring energy costs in an open race where they have become a hot topic. Clauss agrees with Ciattarelli's goal to quit a regional carbon-reduction program, which the former state assemblyman has pitched as a way to lower power bills—though Clauss supports clean energy.

Big power bills are overlapping with rising food prices and inflation that remains persistently above the Federal Reserve's target. Fall weather lightens electric bills as people stop using air conditioning, but a cold winter could hike bills again for those who rely on electric heat systems.

Retail power prices in New Jersey were up 19% in August from a year earlier, the latest state-by-state data from the U.S. Energy Information Administration show, on the leading edge of a 6% nationwide increase in the same time frame.

There are several driving forces, including a rapidly growing number of data centers pumping up demand in some regions. The slow addi-

tion of new power generators, retirement of old plants and costly grid upgrades are also playing a role.

Consumers can mitigate their power use somewhat, but they have to keep the lights on, too.

The National Energy Assistance Directors Association, a group that helps states manage low-income utility assistance programs, said costs are a rising hardship.

Some of the biggest increases since last year are in parts of the Eastern U.S. where data centers are popping up, and where the grid is managed by operator PJM Interconnection. Wholesale prices—the price utilities pay for power—are rising, and can be passed on to the consumer with state regulatory approval.

The price on customers' bills can vary widely around the country because of many other reasons, too, including weather-influenced demand, the cost to fuel

and run power plants, pricey fixes for aging infrastructure and state regulations.

Price increases are hitting businesses, too. Steve McFadden, owner of a coffee shop in Collingswood, N.J., said he has had to raise prices because of surging power costs. "We can absorb some of it, but then it hits a saturation point," he said, adding that he had submitted his mail ballot for U.S. Rep. Mikie Sherrill, a Democrat, with the issue in mind.

Accountant David Healey said he had never budgeted for electricity until the power bill on his three-bedroom New Jersey house hit \$550 by July.

"It's the difference between groceries or medicine or keeping the lights on," the 38-year-old in southern New Jersey said. Wanting to keep costs under control this winter, he just installed solar panels.

## Trump Aides Derail Sale Of AI Chips

Continued from Page One  
chip for the Chinese market. Blackwell is the company's latest generation of AI processors.

"President Trump listens to a variety of insights on policy matters, including from top business leaders," White House spokesman Kush Desai said. "President Trump's historic meeting with President Xi proves, however, that the only factor guiding his decision-making is the best interest of the American people."

Speaking at an Nvidia event in Washington before the Trump-Xi meeting, Huang emphasized the importance of the world's second-largest economy, which he estimates is home to about half of the world's AI researchers.

The CEO said he worried about the U.S. permanently

ceding the market to China. "I really hope President Trump will help us find a solution," Huang said. "Right now we're in an awkward place."

Trump's trip to Asia was a crucial moment for the future of Nvidia's business in China, with the summit with Xi setting the tone for trade policy and the AI race. For months leading up to the Xi meeting, Trump indicated he would consider approving exports of a lower-performance Blackwell chip.

He has reversed course since his Asia trip. In an interview with "60 Minutes" that CBS aired on Sunday, Trump said the U.S. would let China deal with Nvidia but not on the most advanced chips. Talking to reporters on Sunday, Trump said of the Blackwell, "we don't give that chip to other people," without specifying if he meant the top-performing version or a less powerful Blackwell designed for China.

The Trump-Xi summit ended without a major deal, though the two sides de-escalated tensions, with the U.S. lowering some tariffs on China and Bei-

### Microsoft Will Send Chips to U.A.E.

Microsoft said it has secured U.S. approval to ship Nvidia chips to the United Arab Emirates and would boost its investment there, two wins for the Middle East in the AI race. In a blog post Monday, it said the Trump administration has approved its

plans to send chips to the U.A.E. for building data centers needed to train AI models. The approval was expected as part of a deal between the two nations announced in May. Others involved include ChatGPT maker OpenAI and Oracle. —Amrith Ramkumar

jing agreeing to resume some purchases of U.S. soybeans. It gives both sides time to build up self-sufficiency in crucial industries such as semiconductors and rare-earth minerals vulnerable to the other's sanctions.

For Xi, the summit ended without achieving a key near-term objective: a concession on the U.S. chip ban. While Beijing's long-term strategy is to achieve self-sufficiency and dominance in high technology, securing access to advanced processors now is critical. It would give China valuable time

to build up its own domestic capabilities. Not getting such a concession slows the timetable for Beijing's technological ambitions.

Nvidia needs the administration's permission to sell its most advanced chips to China under export controls first imposed in 2022. The Trump administration has shown a willingness to allow exports and negotiate over restrictions on China's tech sector, fueling uncertainty in the industry.

Huang's efforts to sell the Blackwell in China are expected to continue, especially in the

lead-up to Trump's planned visit to China in April. In Washington last week, Huang said that Trump frequently calls him late at night. He has become one of the president's favorite executives.

The Blackwell generation of graphics processing units, or GPUs, represents the most powerful AI chips Nvidia has designed. Nvidia has said servers made with the B200 GPU are about three times as powerful as those using the predecessor H100 chip for training AI models and about 15 times as powerful when used for inference processes, or the computations that allow AI models to run.

The specifications for the Blackwell chip Nvidia is developing for China haven't been released. In August, Trump said he would be willing to approve a Blackwell chip with capabilities reduced by 30% to 50%. Once given the signal to move forward, it would take Nvidia two or three months to engineer such a chip, according to people familiar with the matter.

Even if a Blackwell chip is approved for China, questions remain about its viability. In

August, the White House reversed an export ban on an older Nvidia chip if the company shared 15% of China revenue with the U.S. government, an arrangement that some lawyers say represents an unconstitutional export tax.

Shortly afterward, Chinese authorities told companies not to buy it. Nvidia hasn't sold any of those older H20 chips in China since April, the company has said, missing out on billions of dollars in sales.

Nvidia opponents in Congress and at think tanks have countered the company's lobbying with their own campaign. Before the Trump-Xi meeting, some circulated a video to administration officials showing Huang saying in a July CNN interview that he didn't think it mattered who wins the AI race, the people said.

The House Select Committee on China called Huang's words "dangerously naive" and compared the AI race to the Cold War. "This is like arguing that it would not have mattered if the Soviets beat the U.S. to a nuclear weapon," the committee wrote on X.



U.S. NEWS

# Kimberly-Clark CEO Bets on Health

When Mike Hsu took over managing **Kimberly-Clark's** operations close to a decade ago, all but one of its 23 businesses were struggling. Hsu told his team, “Hey, we’re going to fix this plane while we’re flying it.”

By *Natasha Khan, Lauren Thomas and Peter Loftus*

Since then, the veteran consumer-product executive has helped the units make gains, but could only do so much selling Huggies diapers, Kleenex tissues and Scott paper towels.

So Hsu, now Kimberly-Clark’s chief executive, has embarked on an audacious new pivot for his company. Hsu said on Monday that the company would buy Tylenol maker **Kenvue** in a \$40 billion deal—one of the biggest in the history of the consumer sector—and take a leading position in the higher-margin but less-familiar market for consumer-health products.

“Everything led us to health and wellness,” Hsu told analysts and investors after the deal was announced. “I really wanted the company to have greater exposure to higher growth and higher margin categories.”

If approved by shareholders and regulators, the combined company promises to sell must-have products to consumers at all stages of their lives. New parents could get Kimberly-Clark’s Huggies diapers alongside Kenvue’s Johnson’s Baby shampoo, while adults could pick up everything from Kotex sanitary napkins to Nicorette smoking cessation gum and Depend adult diapers.

Hsu is gambling big that the move into health-and-wellness will provide the kind



Mike Hsu, Kimberly-Clark's chief executive, has embarked on an audacious new pivot for his company.

of growth that Wall Street has sought but Kimberly-Clark’s consumer staples haven’t delivered to date.

And by acquiring Kenvue, Hsu would take on the challenges that have been confronting the company, which was spun out of Johnson & Johnson in 2023 and became an activist target. Kenvue shares had lost more than a third of their value this year to date before the deal announcement.

The most recent drag was President Trump’s warning that Tylenol’s main ingredient could cause autism, which investors feared could fuel personal-injury lawsuits.

“We know Kimberly-Clark has been discussing its ‘transformation’ for some time now,

but do think this feels like very early days to be nearly doubling the size of the company and expanding into a broad range of new categories and geographies,” Barclays analyst Lauren Lieberman said in a note to investors.

Wall Street took a dim view of the acquisition, sending Kimberly-Clark shares down 14.6% for the day. Kenvue, meanwhile, jumped 12.5%.

Hsu said he and the board “carefully considered all of the risks and all the opportunities” presented by the transaction and concluded it represented “a generational value creation opportunity for both companies.”

The company had been looking at Kenvue and its brands before Kenvue’s spin

out of J&J, people familiar with the matter said. When Kenvue formally announced it would be reviewing strategic alternatives this year, it presented a chance for Kimberly-Clark to submit a bid. Other companies including Procter & Gamble also took a look, the people said.

Despite the Tylenol concerns, Kimberly-Clark grew comfortable with the deal in part because it was able to take over the business at a lower price after the selloff in Kenvue shares. Kimberly-Clark also agreed to take on any potential future risks associated with Tylenol.

The companies agreed that Tylenol can’t constitute a material adverse change to give Kimberly-Clark an out of the deal, according to the merger agreement. Each company would be responsible for paying the other a breakup fee of around \$1 billion if the deal were to fall apart.

Behind Hsu’s bet is a difficult environment for consumer products. Businesses have had to fight harder for a share of consumer wallets in recent years because rising costs have dented budgets. Many companies have followed Procter & Gamble’s playbook of shedding middling brands and focusing on the biggest, most valuable franchises.

Beauty and wellness, however, has been a relative bright spot, as consumers have leaned further into self-care and preventive care since the pandemic.

Few consumer health-products companies can compete with Kenvue’s roster of well-known brands. The company draws on J&J’s 19th-century roots and now sells well-known names like Neutrogena skin care, Aveeno body care and Listerine oral products, in addition

to Tylenol.

Yet the company has faced rough going since gaining independence. Its stumbles attracted the attention of activist investors, including Starboard Value in 2024. Kenvue averted a proxy battle in March this year, but Chief Executive Thibaut Mongon departed by July and his successor, Kirk Perry, took the job as the company said it would look into simplifying its portfolio.

Perry was just beginning to tackle these issues when Trump and Health and Human Services Secretary Robert F. Kennedy Jr. warned that Tylenol’s main ingredient acetaminophen was a potential cause of autism.

Tylenol is a major source of Kenvue revenue, generating more than \$1 billion in annual sales, analysts estimate.

The new warnings from the Trump administration could generate further litigation over Tylenol, as well as harm sales.

Hsu, 61 years old, was a partner in Booz Allen Hamilton’s consumer practice and held leadership roles at Kraft and H.J. Heinz before joining Kimberly-Clark in 2012 as president of its North American consumer business. He became chief operating officer in 2017 and took the helm of the company in 2019. Since Hsu’s start as chief executive, Kimberly-Clark shares had risen 5% before the Kenvue deal announcement.

The executive sounded undeterred by the risks of a takeover of Kenvue during his call with analysts and investors. Kimberly-Clark has spent years positioning for this moment, Hsu said. “When you think of an aging global population, health and wellness has the biggest tailwind behind it,” Hsu said. “It’s just going to continue accelerating for the next 30 years, right in that direction.”

## Kleenex, Tylenol Set To Tie Up

*Continued from Page One* suits alleging the drug caused autism could become a bigger liability. Also concerning Wall Street was the risk that Kenvue’s new owner could face liability from lawsuits outside the U.S. and Canada over talcum-containing Johnson’s Baby Powder.

“One key question, of course, will be litigation risk,” Barclays analyst Lauren Lieberman said in a research note.

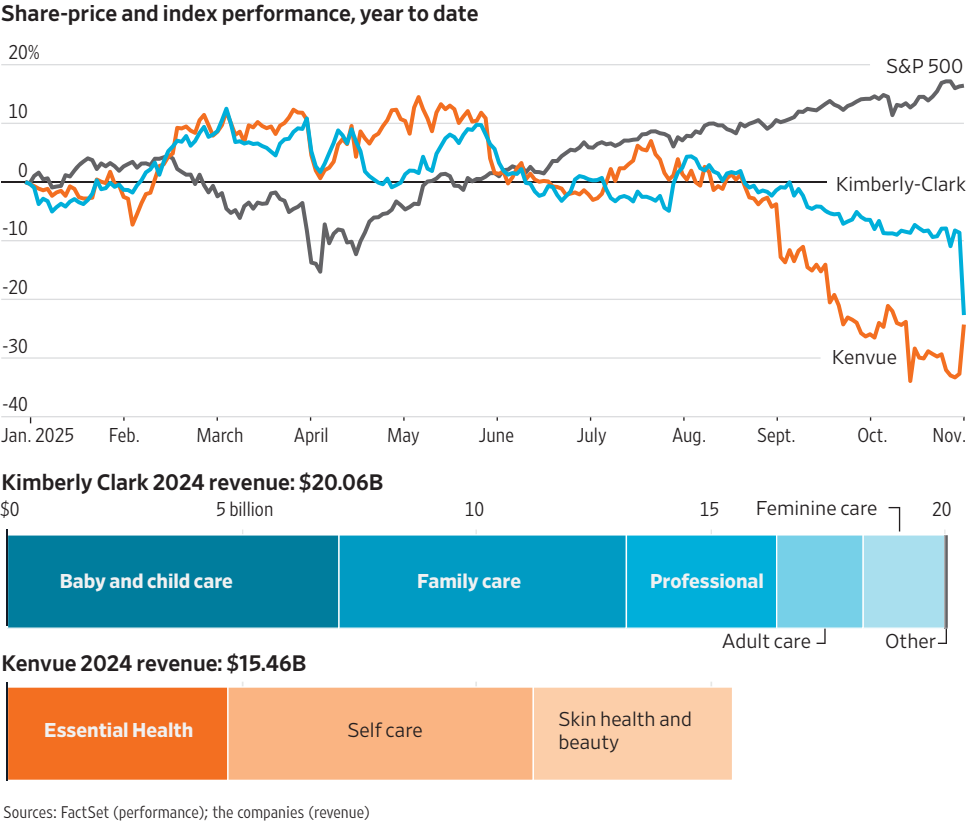
Kenvue shares closed 12% higher in Monday trading, while Kimberly-Clark dropped nearly 15%.

Chief Executive Mike Hsu is placing a big bet on Kenvue because his consumer-products company has been seeking to find growth. For all its well-known brands, Kimberly-Clark has lagged behind rivals Unilever and Procter & Gamble.

Kenvue’s popular health and wellness products would provide a stronger foothold in the higher-margin consumer healthcare market, while vaulting the combined company into the No. 2 position among consumer companies.

“We know consumers are increasingly prioritizing health and wellness,” Hsu said on a call with analysts and investors. “Together, we will be the largest pure-play consumer health company.”

The acquisition would mark



a short, rocky term of independence for Kenvue, which was spun off from Johnson & Johnson in 2023.

Kenvue shares have been under pressure since Trump’s warning that acetaminophen—the active ingredient in Tylenol—is a potential cause of autism. Kenvue called the claims baseless and said it was concerned about the spread of misinformation. Many doctors and scientists said increased awareness of autism and changes to its diagnosis can help explain the bulk of increases in diagnoses in recent years.

Adding to Kenvue’s issues, a lawsuit filed against the

company in the U.K. in October alleged that use of talc-containing Johnson’s Baby Powder caused cancer in people. Kenvue said that talc-containing powder was safe and didn’t cause cancer.

The new lawsuit nonetheless raised investor concerns that the company would be on the hook for liability costs. Kenvue no longer sells talc-containing powder and uses cornstarch instead.

Investors would like “a more fulsome conversation” with Kimberly-Clark about how it would handle any litigation over talc-containing powder, Barclays’s Lieberman

said in her note.

The company no longer sells talc-containing powder and uses cornstarch instead. Johnson & Johnson retained responsibility for talc litigation in the U.S. and Canada after the spinoff, but Kenvue is responsible for talc litigation in other countries.

The company had been under pressure from activist investors who wanted it to pursue a sale. Kenvue had been working with bankers to investigate all strategic options. In July, it fired its CEO, Thibaut Mongon, in the midst of its strategic review. Kirk Perry, a former P&G executive,

stepped into the interim position at the time.

Activist investor Starboard Value had launched a proxy fight at Kenvue earlier this year, arguing the company needed to fix its marketing strategy around its beauty brands and make other changes to boost shares. Starboard dropped its fight in March after winning three seats on the board.

Other activists including Toms Capital Investment Management, Third Point and D.E. Shaw had built up positions and were privately pushing Kenvue to sell itself, including in recent days, according to people familiar with the matter.

The recent noise around Tylenol complicated the deal talks, but the two were still able to come to an agreement, two people familiar with the matter said.

Pressure was mounting heading into November, with the nomination window for the company’s board slated to open this month when activists would be able to push for changes.

The companies expect the deal to close in the second half of 2026. The combined company will be led by Hsu and be based at Kimberly-Clark’s headquarters in Irving, Texas.

Under the terms of the deal, Kenvue shareholders will receive \$3.50 a share in cash, as well as 0.14625 Kimberly-Clark share for each Kenvue share held at closing.

Upon closing, current Kimberly-Clark shareholders will own approximately 54% of the combined company, with current Kenvue shareholders owning the remaining 46%.

## Activist Investors In Kenvue Get Lifeline

By **BEN DUMMETT AND LAUREN THOMAS**

**Kimberly-Clark** not only saved its embattled rival, **Kenvue**, with a \$40 billion takeover deal, but it also saved activist hedge funds targeting the Tylenol maker that had been staring down huge losses.

At least four activist investors held stakes in Kenvue’s shares, betting on a turnaround of the company’s operations or an outright sale. What they didn’t anticipate was that the Trump administration would link acetaminophen, the active ingredient in Tylenol, as a potential cause of autism and open the company to the potential of costly legal action and lost sales.

Kenvue has maintained that the accusations are baseless, and both scientists and medical groups have denounced President Trump’s claims as unfounded.

Still, Trump’s claims helped trigger a selloff of almost 22% in Kenvue’s share price before Monday’s deal announcement.

D.E. Shaw, one of the Tylenol-maker’s largest shareholders, stood to suffer some of the biggest losses, with a stake of around 3%, people familiar with the matter said. The New York-based hedge fund had endured a paper loss of more than \$200 million on its investment before Monday, these people said. But now because of Kimberly-Clark’s offer, the activist investor is set to break even on its investment, they said.

Toms Capital Investment Management is another big shareholder in Kenvue, with a more than 3% stake it started building this year.

At a Morgan Stanley-sponsored hedge fund conference in New York in October, Ben Pass, chief investment officer at Toms, argued that legal risks around Tylenol were obscuring the company’s value, people who heard his presentation said.

He also argued the company has valuable brands that if managed better could be worth substantially more than reflected in the current stock price, the people said. Kenvue’s other brands include Aveeno, Band-Aid, Listerine and Neutrogena.

Toms plans to keep holding its Kenvue shares after Monday’s deal, some of the people familiar with the matter said.

“Congratulations to Kimberly-Clark and Kenvue for creating a great American company poised to deliver tremendous benefits for both consumers and shareholders,” Pass said.

Other activist investors exposed to Kenvue’s selloff include Starboard Value, which has owned shares for at least a year. Dan Loeb’s Third Point had also built a position.

Kenvue spun out of Johnson & Johnson in 2023, going public at \$22 a share to help fund growth of J&J’s pharmaceuticals and medical technology businesses. The stock initially popped but has since been in decline as the company struggled to boost organic sales even before the controversy around Tylenol.

Kimberly-Clark and Kenvue say they expect almost \$2 billion in cost savings from the deal in the first three years after the transaction closes.

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WORLD NEWS

Europe’s North Goes South

In role reversal, the former crisis spots on continent look financially healthier

By CHELSEY DULANEY  
AND DAVID LUHNOW

The European debt crisis of the early 2010s created an image of a continent cleaved in two: The fiscally responsible core countries led by Germany versus the spendthrift southern periphery of Portugal, Italy, Greece and Spain—disdainfully dubbed PIGS.

Nowadays, there has been a role reversal. France is mired in a budget and political crisis, while the U.K. is looking at tax increases to try to narrow a budget gap and avoid spooking markets. Famously frugal Germany and the Netherlands are taking on debt, albeit from lower levels.

Meanwhile, southern countries like Spain have emerged as a rare bright spot for European growth, with governments that 15 years ago faced insolvency like Greece running nearly balanced books.

“The fiscal homework was done in southern Europe in the aftermath of the sovereign-debt crisis,” said Filippo Taddei, a senior economist at Goldman Sachs. The austerity programs imposed upon southern Europe left deep scars, but countries were forced to enact structural overhauls like raising retirement ages, streamlining bureaucracy, privatizing industries and overhauling labor laws.

Spain’s economy grew 3.5% in real terms last year, according to the IMF. Greece grew 2.3%, more than double the growth rate in France and the U.K. Germany contracted for the second year in a row.

A surge in tourism is partly responsible. Southern countries have also received hundreds of billions of euros worth of grants and loans



France’s eight biggest labor unions joined in calling a one-day nationwide strike in October.

from the European Union, helping to fund underwater sea cables in Italy, electricity grid updates in Greece and the build-out of high-speed internet in Spain.

But Taddei, the Goldman economist, said the economic changes run deeper. Milan, Lisbon and Seville have grown into burgeoning tech, finance and startup hubs. Labor markets once dominated by low-value work are adding skilled jobs that should boost overall productivity.

Governments are also more sensitive now to their spending limits and the potential market consequences of breaking them. Italian Prime Minister Giorgia Meloni came into power in 2022 after campaigning on tax cuts and higher pensions. But the right-wing leader put fiscal caution first to reassure Italy’s fragile bond market. She has since reined in the budget

deficit, which is expected to fall below 3% of gross domestic product next year.

Now, it is the countries in the core of Europe facing trouble. The growth model of Western Europe—centered on trade and industry—has been rocked by U.S. tariffs, the rise of Chinese competition and the end of cheap Russian energy.

Governments across Europe that borrowed heavily during the pandemic and energy crisis are trying to put their financial house in order. Countries in the south have largely brought

deficits back down to where they were before the pandemic, but governments further north, with growth weak, are heading the opposite way.

France is expected to run a deficit of 5.4% of GDP this year, compared with 2.4% before the pandemic. Budget gaps in the U.K., Austria and

Belgium are above 4%.

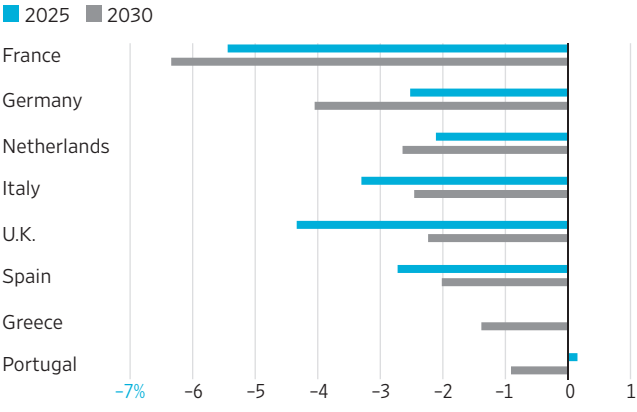
Germany is spending up to 1 trillion euros, equivalent to \$1.15 trillion, on infrastructure and defense. That move is likely to boost growth but drive its deficit well above the 3% annual cap written into the EU treaty—at the insistence of then-Chancellor Helmut Kohl.

Spending needs are likely to grow even more as countries face aging populations, defense pledges, expenditures on the green-energy transition and a steep rise in debt-interest payments. But so far, attempts to trim the welfare state to accommodate other spending claims are failing.

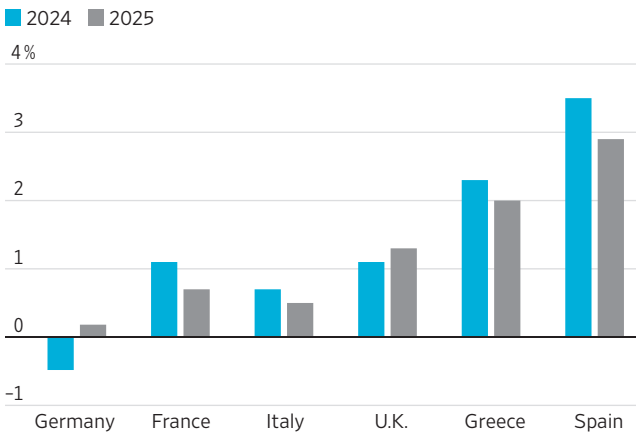
France has seen three governments fall in the past year over plans to cut spending.

The U.K., too, is struggling to address its rising debt and soaring spending. Prime Minister Keir Starmer shelved a plan to pare some disability benefits this summer after lawmakers in his own Labour Party rebelled. In the coming weeks, the government is set to announce a budget that relies largely on tax increases instead of spending cuts.

European government budget deficits as a share of GDP\*



Real GDP growth in Europe



\*Shows general government net lending or borrowing as a percentage of gross domestic product  
Note: Data for 2025 and later are projections.  
Source: International Monetary Fund

The Political Price of Budget Gaps

“There is a fiscal doom-loop link between very challenging fiscal policy and political stability that is becoming reinforcing,” said Mujtaba Rahman, managing director for Europe at Eurasia Group. “In France, U.K., and potentially Germany, the challenges over public finances reinforce political instability that makes it harder to reform these things.”

Some question whether massive bond-buying programs carried out by the European Central Bank and others after the financial crisis, and again during the pandemic, are partly to blame. They helped econo-

mies weather the crisis by making borrowing cheaper. But some economists believe these central-bank backstops create a “moral hazard” for governments, reducing their need to run balanced budgets or deal with mounting debts.

“At the moment, no country has reached the tipping point, in part because the ECB is there in the background,” Rahman said. “But reaching the tipping point may be exactly what’s needed to address these slow-building challenges.” If they don’t, the risk of a disorderly crisis grows, and so does the potential long-term damage.

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WORLD NEWS

# Vietnam Takes On China as Island Builder

Artificial bodies challenge Beijing’s claims of dominance in key thoroughfare

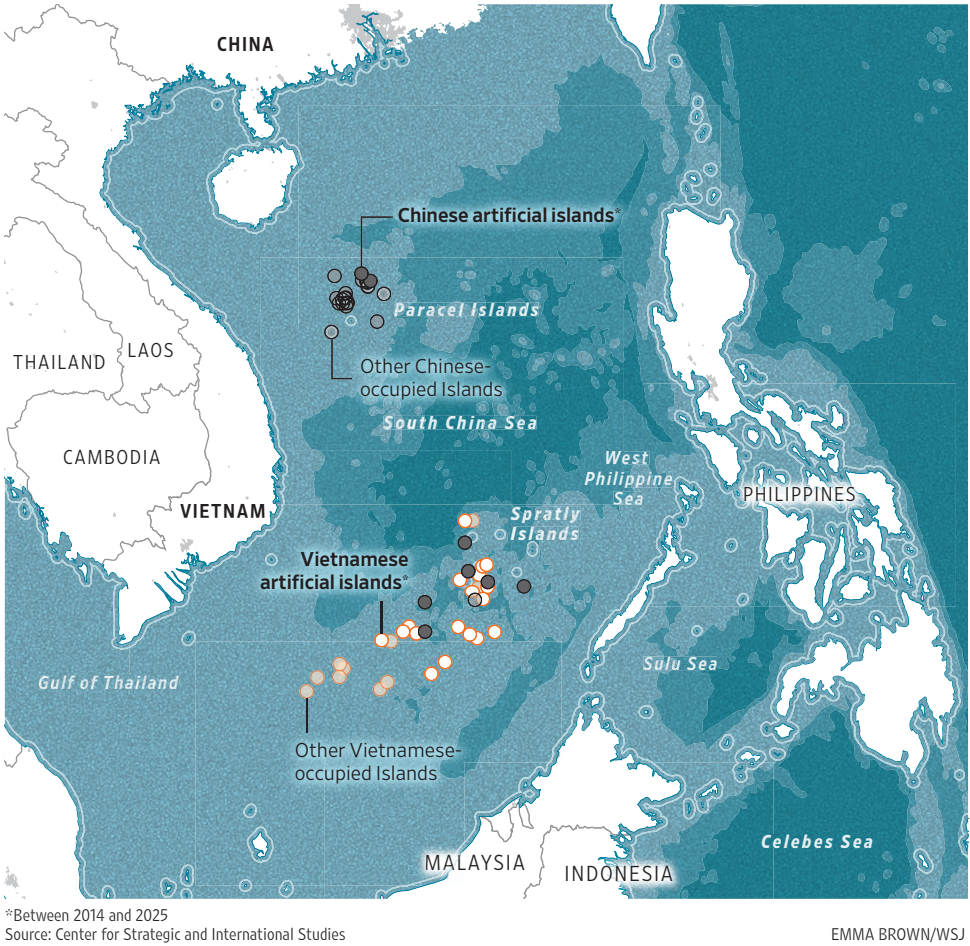
In the turquoise waters of the South China Sea, one country is challenging Beijing’s grip on one of the world’s most important maritime thoroughfares.

By *Gabriele Steinhäuser, Emma Brown and Ming Li*

Over four years, Vietnam has built out a series of remote rocks, reefs and atolls to create heavily fortified artificial islands that expand its military footprint in the Spratly Islands, an archipelago where Hanoi’s claims clash not only with China’s but also with those of Taiwan, the Philippines, Malaysia and Brunei. Built from sand, coral and rock carved from the bottom of the sea, the new islands now sport multiple ports, a 2-mile-long airstrip to accommodate large military aircraft, ample munitions storage and defensive trenches that could host heavy weaponry, according to satellite images reviewed by The Wall Street Journal and analysts who study the South China Sea. Vietnam’s outposts allow it to project power in the Spratlys and are a response to China’s own campaign to expand and fortify a series of rocks and atolls in the same island chain. The Vietnamese militarization of the islands far surpasses what any country other than China has undertaken in the South China Sea, a key thoroughfare for global trade that would be a

vital resupply route for the U.S. military should a conflict break out over Taiwan. Satellite images show that Vietnam has created new land on all 21 rocks and so-called low-tide elevations—reefs that were previously submerged at high tide—that it occupies in the Spratlys. That compares with China’s seven such artificial islands in the archipelago. As of March, Vietnam had built more than 2,200 acres of artificial land in the South China Sea, compared with just under 4,000 acres constructed by China, according to the Washington-based Center for Strategic and International Studies, or CSIS. In the 1970s and ’80s, China forcibly seized from Vietnam several features in the Spratlys and the Paracel Islands, another disputed archipelago further north, in battles that claimed the lives of dozens of Vietnamese troops. More recently, China took control of Scarborough Shoal from the Philippines in 2012, raising fears among other countries in the region, including Vietnam, that China could do the same to them. Beijing also has pressured Hanoi to cease oil-and-gas exploration in waters it considers its own and challenged Vietnamese fishermen’s access to the Paracels. Vietnam began reclaiming land on a large scale in 2021, when huge dredging barges appeared near several reefs and rocks in the Spratlys. Vietnam also employs land-based excavators that lift material from closer to the shore to expand the island surface. The new landmass is then fortified with rock and concrete walls to protect it from erosion. The scale of transformation can be seen on Sand Cay,

Vietnam has been creating islands in the disputed South China Sea faster than China.



which in a matter of years grew from a fleck of an island with a handful of buildings into an expansive outpost with a large, fortified port and other military infrastructure. China has used its fortified islands in the South China Sea to deploy vessels and aircraft for longer periods without having to refuel and restock on the mainland. It has also installed extensive radar and other surveillance infrastructure that give it visibility of other countries’ movements

across the waterway. Vietnam is expected to make similar use of its new outposts, albeit without directing aggressions against other countries, said Harrison Prétat, deputy director of CSIS’s Asia Maritime Transparency Initiative. Barque Canada Reef, Vietnam’s largest and most sophisticated artificial island in the South China Sea, illustrates major new facilities and their purpose. Other islands built out by Vietnam feature many of the

same installations, including ports, ammunition storage and the larger administrative buildings or barracks. The Vietnamese government hasn’t publicly addressed its island building, although officials have said the country is focused on protecting its sovereignty in the South China Sea. The Vietnamese and Chinese foreign ministries didn’t respond to requests for comment. When asked in February about Vietnam’s land reclama-

tion, a spokesman for the Chinese government said it opposes “construction activities on illegally occupied islands and reefs.” However, Chinese forces never sought to prevent Vietnamese dredgers from accessing the outposts. That contrasts with China’s rhetoric and actions against the Philippines, whose vessels it has repeatedly blocked from taking supplies to its more modest outposts in the South China Sea. Beijing views the Philippines, a U.S. treaty ally, as a proxy for Washington, whose presence in the South China Sea Beijing opposes. The U.S., which has condemned China’s island-building, hasn’t publicly spoken out against Vietnam’s, likely because they are seen as a potential bulwark against Beijing, said Le Hong Hiep, a senior fellow at the ISEAS–Yusof Ishak Institute in Singapore. A State Department official said the U.S. calls “on South China Sea claimants to resolve their disputed claims to territory peacefully in accordance with international law.” Few analysts believe that Hanoi, with its much smaller navy and air force, could actually defend the outposts during an all-out war. That relative weakness also helps explain why other countries in the region have mostly looked the other way on Vietnam’s creation of artificial land. “China’s island building represented a direct threat to a lot of Southeast Asian economic interests, the access to the waters, and...also was a threat to navigation and international maritime rights,” said Khang Vu, a visiting scholar at Boston College. “I don’t think that anyone thinks that Vietnam is going to do any of that.”



An oil tanker unloads imported crude at an oil-port terminal in Qingdao, Shandong province, China.

## Beijing Fills Up Its Oil Reserves Fast

By *REBECCA FENG*

China has spent months building up its oil reserves. That might come in handy in the wake of the new sanctions the U.S. recently imposed on Russian crude. During the first nine months of the year, the world’s second-largest economy imported on average more than 11 million barrels of oil a day, an amount above the daily production of Saudi Arabia, according to official customs data. Analysts estimate 1 million to 1.2 million of those barrels were stashed in reserves each day. Low oil prices and concern over Ukraine’s repeated attacks on Russia’s production facilities help explain the timing of the buying spree, which accelerated in March. China is the world’s biggest importer of crude and the largest buyer of Russian oil. Energy security has long been a priority for China’s leaders. The country’s dependence on foreign nations for its crude oil—China imports about 70% of the oil it consumes—is a headache. “The energy rice bowl must be held in our own hands,” Chinese leader Xi Jinping has said repeatedly over the years. China’s robust appetite for oil has had another unintended consequence: It has helped put a floor on prices, which approached a nearly five-year

low in October. Brent crude, the international benchmark, is trading near \$65 a barrel and is down 13% this year. It bounced higher following the sanctions the U.S. placed on Rosneft and Lukoil, Russia’s two largest oil companies. “If China really stops buying, the path toward low \$50 would be very quick,” said Michael Haigh, global head of fixed-income, currencies and commodities research at Société Générale. The U.S., in contrast, has been slow to replenish its emergency oil reserves, which are languishing at some of their lowest levels in 40 years. President Trump promised to fill the U.S. reserves to the top when he returned to office but has announced just one small purchase of crude thus far. To wean itself off imported oil, China has poured hundreds of billions of dollars into reviving domestic crude production and building the world’s largest electric-vehicle industry. It has also snapped up cheap barrels—sometimes from producers under sanction—to bolster its reserves. China began the construction of its strategic petroleum

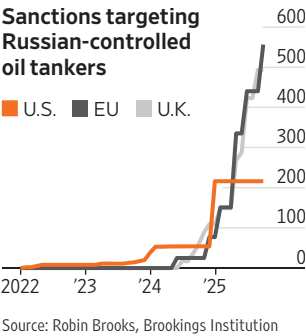
reserves in 2004. After about two decades of development, the country has built large-scale petroleum reserve bases, both under and above ground. China doesn’t make public the size of its stockpile. Analysts attempt rough estimates by subtracting the amount of processed oil from China’s imports and domestic production. Most of those projections put the stockpile at 1.2 billion to 1.3 billion barrels. “China’s current strategic petroleum reserve and commercial stocks already provide a meaningful buffer against short-term supply disruptions,” said Kelly Xu, a commodity and energy strategist at Alpine Macro. Xu expects China’s precautionary stockpiling to continue into 2026. She estimates that Beijing has 400 million barrels in its petroleum reserve and about 800 million barrels in commercial stocks stored by Chinese oil companies. China appears to have plenty of room to store more crude. Its total storage capacity rose to just over 2 billion barrels at the end of 2024 from 1.4 billion barrels in 2015, according to Lin Ye, an

analyst at Rystad Energy. That means China has only used about 60% of its storage capacity. Ye estimates 124 million barrels of capacity will be added by the end of this year. Few analysts actually expect Chinese refineries to slow their purchases of Russian oil because of the sanctions on Rosneft and Lukoil, which block them from conducting dollar transactions. Russia settles only 5% of its oil exports in dollars, according to Russia’s Ministry of Energy. The dominating currency—representing 67% of Russian oil exports—is the yuan. The recent trade agreement between the U.S. and China did little to resolve questions over China’s purchases of Russian oil, some analysts said. China hasn’t indicated whether it would stop buying, and there had been some hope that China would agree to purchase U.S. oil and gas as part of a broader U.S.-China deal. For now, China’s stockpiling is helping keep global oil prices from getting even lower as traders and analysts have acknowledged a worldwide glut. The International Energy Agency forecast in October that the world would be oversupplied by an average 3.7 million barrels of oil a day in the current quarter. JPMorgan analysts put that number at 3.6 million barrels.

## U.S. Sanctions on Russia Have to Thread a Needle

By *GEORGI KANTCHEV AND LAURENCE NORMAN*

The Trump administration’s recent oil sanctions have revived a dilemma for the West: how to hurt Moscow’s war chest without inflicting economic self-harm. Even after last month’s sanctioning of Russia’s two biggest oil producers, Rosneft and Lukoil, the U.S. has more tools, from blacklisting Russia’s shadow fleet of oil tankers to using secondary sanctions on banks, traders and refiners in other countries. But enforcing measures against one of the world’s top oil producers risks triggering a supply shock and driving oil prices up. Squeezing Moscow is particularly fraught for Washington at a time when Trump’s tariff policies have injected uncertainty into inflation trends. The sanctions are already reverberating across Europe, where Rosneft and Lukoil still hold supply contracts and own facilities. Germany and several Eastern European states have pushed for exemptions. Moscow’s oil revenues will likely take a hit as tougher logistics and payment hurdles cut into profits and force deeper discounts, but analysts expect that exports will hold steady. Experience suggests Russia will turn to its shadow fleet, obscure networks of intermediaries and nondollar financial channels sidestep to sanctions. The Russian oil sector has also been under pressure from Ukrainian strikes targeting its energy infrastructure. The European Union and the U.K. have imposed tough sanctions, but enforcement power largely lies with the U.S. And unlike Europe, the U.S. often deploys secondary sanctions that penalize non-U.S. entities for dealings with sanctioned parties—threatening access to the U.S. financial system. “The fear of being frozen out of U.S. dollar-payment networks is very real,” said Robin Brooks, a senior fellow at the Brookings Institution. The U.S. and Europe aren’t fully aligned in their sanctions policies. According to a tally by Brooks, the EU has targeted over 550 vessels from Russia’s shadow fleet and the U.K. around 500. The U.S. has targeted some 216 tankers. The Trump administration has also largely disengaged from an oil-price cap, imposed



### Avoiding Dollar Is Tough to Do

Only about 5% of Russia’s oil exports are settled in dollars, down from 55% before the invasion of Ukraine, according to J.P. Morgan. The ruble now accounts for 24% and the Chinese yuan 67% of payments. Still, the dollar’s reach is long. Key parts of commodities trading—including logistics, freight and insurance—rely on it. Losing access to the dollar system makes every stage slower and costlier.

by the Group of Seven nations, that sought to permit Russian oil to be traded with non-Western nations only if the amount paid was below a cap, currently \$47.60. The U.S. could also go after intermediary financial institutions, nondollar payment networks and banks that handle Russian oil transactions to disrupt Moscow’s ability to bypass dollar-based sanctions. Those gaps in the sanctions regime provide an opportunity for Moscow to continue stable exports. A January sanctions round by the Biden administration offers a case in point. At the time, Washington blacklisted Gazprom Neft and Surgutneftegas, the third- and fourth-biggest Russian producers. But analysts at J.P. Morgan say that while documented exports from these companies fell, overall Russian seaborne volumes were maintained by using newly established entities not legally connected to the sanctioned companies as well as shadow shipping. Iran’s oil has been under major sanctions for years, and yet it has still managed to keep exports high.



WORLD NEWS

# Nagoya to Tourists: We’re Not Dull!

Japanese city wants more visitors, but a lot of people think of it as quite boring

By Jason Douglas  
and Junko Fukutome

NAGOYA, Japan—The tourists who crowd the bullet trains from Tokyo tend not to disembark at Nagoya as they speed along the so-called Golden Route linking the Japanese capital with Kyoto and Osaka.

“*Nagoya tobashi*,” the locals say. Nagoya gets skipped. The manufacturing hub, which anchors the region that is home to auto giant Toyota, is Japan’s fourth-most-populous city and, according to a decade-old newspaper poll that still stings here, No. 1 in dullness.

Elisabeth Llopis wants to stop the skipping. A resident here for 16 years, she runs a travel website called “Nagoya is not boring,” dedicated to overturning the dreary image of the city she loves and bringing in more tourists.

“I realized that no one came here. Why?” said Llopis, originally from the Spanish island of Mallorca. Nagoya boasts a spectacular castle and a famous shrine that houses a sacred sword. Llopis brings visitors from the U.S., Spain and Australia around the city to sample the food and sake. They visit artisans at work making tie-dye cloth in nearby Arimatsu, a village that has been perfecting the art of dyeing fabrics in intricate patterns for 400 years.

“I’ve never thought for a single day that Nagoya was boring,” Llopis said.

Japan is thronged with tourists, but not every place feels it is getting its fair share. The “overtourism” that irks residents of Venice and Barcelona is also riling locals in Osaka and Kyoto, where kimono-clad visitors clog streets and temples to secure snapshots.

It is a different story in Na-



Kazumasa Nishikawa, who runs a dance school in Nagoya, said that the city ‘kind of looked down on tourism’ for a time.

goya, where officials say they would happily welcome more visitors, though they admit that putting the city out there isn’t something that comes easily to its reserved inhabitants.

“As for the temperament of Nagoya people, we tend to be quiet. We are not particularly outgoing. We are not good at promoting ourselves, unlike Osaka people,” said Aritsune Kino, director of tourism promotion at Nagoya’s convention and visitors bureau.

In the nine months through September, almost 32 million people visited Japan, an 18% increase on the same nine-month period last year, according to the Japan National Tourism Organization. That growth puts

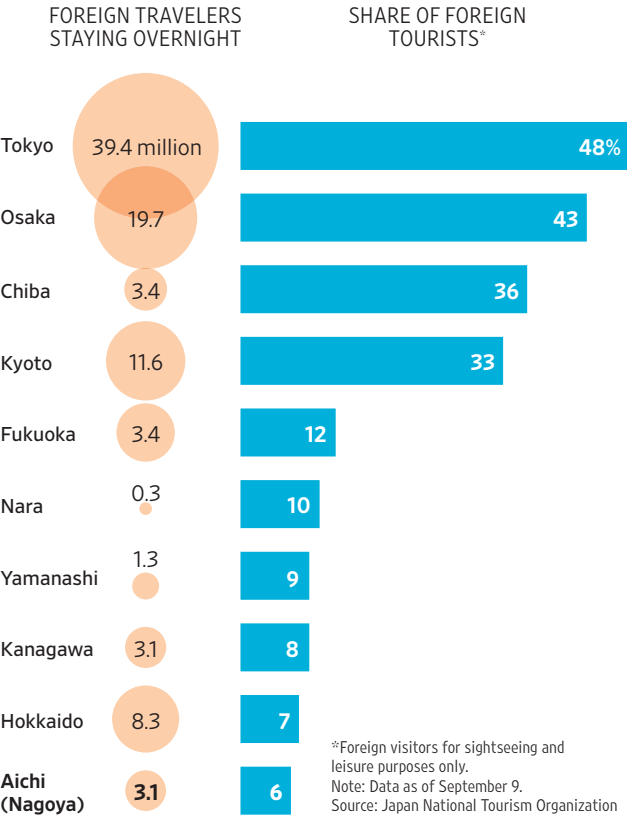
2025 on track to surpass 2024’s record 37 million inbound travelers, who collectively spent more than 8 trillion yen, equivalent to about \$52 billion.

The world’s top tourist destination is France, which in 2024 received 102 million visitor arrivals—visitors who spent some \$77 billion, according to the United Nations World Tourism Organization.

Successive Japanese governments have made promoting tourism a priority. The goal is to hit 60 million tourists by 2030.

But the speed at which tourism is surging is unsettling some in Japan, contributing, some analysts say, to the electoral success of upstart politi-

Foreign visitors to Japan by prefecture, 2024



cal parties such as Sanseito, whose “Japanese First” messages focus on complaints about foreign tourists and immigration. Tourism collapsed during the pandemic but has bounced back rapidly.

Residents say Nagoya’s reputation for being dull has an element of truth. It has long been a factory town, meaning people tend to get up early and go to bed early, too, they say. One of the city’s oldest *izakaya*, a snug Japanese bar serving food and drinks, only recently extended its closing time past 8 p.m. Fans of historic heavy machinery can visit a railway museum, a museum dedicated to Toyota and even a museum about sewerage systems.

Kazumasa Nishikawa, a Nagoya native who runs a classical Japanese dance school in the city that traces its roots to the 1840s, said Nagoyans love their hometown but even they

say it is boring. Being so focused on industry means for a long time “they kind of looked down on tourism,” he said.

The challenge is figuring out how to bring in more people without succumbing to the problems Japanese people say plague other cities, such as restaurant prices that are too high for locals, congestion on public transport, litter and crowds.

At Nagoya’s Atsuta Shrine, Lars Leipner and Kerstin Benning from Germany said they chose to stay in the city because it’s conveniently located to make day trips to Takayama, Shirakawa and other spots on their itinerary. Having visited the principal tourist draws on a previous trip in 2018, this time they wanted to escape the crowds and see another side of Japan.

“We like it when there’s not too many tourists,” Benning said.

# Tariffs Take Toll On Asian Exporters

By Kimberley Kao

Factory-activity gauges in Asia reflected a divergence across major exporting economies, as worries over U.S. tariffs continued to cause shifts in supply chains.

The latest set of S&P Global purchasing managers indexes showed that goods producers in export powerhouses South Korea and Taiwan flagged deteriorating demand last month, but Southeast Asian countries like Vietnam and Thailand recorded a pickup in new orders.

“The October PMI readings for most countries in Asia remained consistent with weak manufacturing activity,” said Shivaan Tandon, Asia economist at Capital Economics.

Regional economic growth will likely soften in coming quarters, “as tighter fiscal policy and softer exports amid slower global trade growth outweigh resilient consumption,” Tandon said.

For South Korea, the PMI gauge fell below the 50-mark that separates expansion from contraction in activity, to 49.4 in October from September’s 50.7.

While weakness in demand was broad-based, this was likely driven more by domestic factors than external ones, said Kelvin Lam, senior China+economist at Pantheon Macroeconomics.

Taiwan’s PMI improved slightly to 47.7 from 46.8 in September but remained below the crucial 50.0 threshold.

In contrast, manufacturing activity in Southeast Asian countries like Thailand and Vietnam “is getting a second wind from robust orders, as a ‘tariff advantage’ emerges vis-à-vis China,” given lower U.S. tariff rates, said Erica Tay, an economist at Maybank.

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WORLD NEWS

# Israeli Police Hold Ex-Military Lawyer Over Leaked Video

By ANAT PELED

Israeli police said they had detained the country's former top military lawyer on suspicion of "serious criminal offenses" and for her role in leaking a video at the center of a case of alleged abuse carried out against Palestinian prisoners.

Maj. Gen. Yifat Tomer-Yerushalmi resigned on Friday as military advocate general, the most senior official in charge of military justice, a role in which she has overseen some investigations into alleged abuse by Israeli soldiers during the war in Gaza.

A lawyer for Tomer-Yerushalmi declined to comment on her detention.

In her resignation letter, Tomer-Yerushalmi acknowledged leaking the video, which appeared to show soldiers assaulting a Palestinian detainee at the Sde Teiman military facility in southern Israel in 2024. She said threats against soldiers and commanders in the Israeli military legal branch had prompted her to leak the video.

"As the person standing at the head of the military prosecution, and out of a sense of deep responsibility to the military, to the unit, and my soldiers, I approved releasing the material to the media in an effort to thwart the false propaganda against law enforcement in the military," she wrote in her resignation letter. The let-

ter didn't address allegations that she covered up the leak.

Israel has come under criticism for its treatment of Palestinian prisoners throughout the war, especially at the Sde Teiman detention facility.

As part of the case involving the video, five Israeli reservists were indicted on charges of assaulting a Palestinian prisoner, including severely beating him for 15 minutes while he was blindfolded and his hands and feet were shackled, according to the indictment. It said they kicked him, shocked him with a Taser, including on the head, and stabbed him in the backside. The allegations came to light after shocked doctors sounded the alarm, The Wall Street Journal previously reported.

The case against the Israeli reservists sparked a fierce backlash against efforts to investigate soldiers for alleged crimes. Some right-wing lawmakers and activists stormed and broke into the Sde Teiman facility after the allegations against the soldiers came to light.

Online vitriol was also directed at Tomer-Yerushalmi. That reached a crescendo in recent days after she admitted she was the source of the leak.

Tomer-Yerushalmi disappeared for hours amid what the police said were "concerns for her life." She was located on Sunday evening at a beach in central Israel.

WORLD WATCH



A medieval tower in Rome partly collapsed Monday during renovation. Firefighters rescued a trapped worker but he later died.

ITALY

## Worker Dies After Tower Collapse

Firefighters late Monday managed to extract a worker from beneath rubble inside a medieval tower that partially collapsed during renovation work in the heart of Rome but the joy of that rescue proved short-lived. The man didn't withstand the trauma he suffered and died soon thereafter.

Three workers were rescued unharmed after the initial mid-day incident, said firefighter spokesperson Luca Cari. Another worker, age 64, was hospitalized in critical condition.

The Torre dei Conti was built in the 13th century.

—Associated Press

UNITED KINGDOM

## Man Is Charged In Train Stabbings

U.K. police on Monday charged a 32-year-old man with attempted murder over a mass-stabbing attack on a train that wounded 11 people, and revealed that he may have stabbed two other people.

British Transport Police said Anthony Williams is charged with 10 counts of attempted murder, one of actual bodily harm and one of possession of a bladed article over the attack on Saturday. He is also charged with attempted murder over an incident at Pontoon Dock light-rail station in London early Saturday.

—Associated Press

SUDAN

## U.S. Aims to Secure Humanitarian Truce

The U.S. is working with both sides in Sudan's war for a possible humanitarian truce, a U.S. envoy said on Monday, while International Criminal Court prosecutors said they are trying to preserve evidence from last week's rampage through a besieged city in the Darfur region.

The latest alleged atrocities in famine-hit el-Fasher "are part of a broader pattern of violence that has afflicted the entire Darfur region" and "may constitute war crimes and crimes against humanity," the ICC said.

—Associated Press

AFGHANISTAN

## Quake Kills 20, Damages Mosque

A 6.3-magnitude earthquake shook northern Afghanistan before dawn on Monday, killing at least 20 people and injuring more than 640 others, as well as damaging the historic Blue Mosque, officials said.

Footage on social media from Mazar-e-Sharif, the capital of northern Balkh province, showed several bricks had fallen from the walls of the Blue Mosque but the structure remained intact. The centuries-old site is one of Afghanistan's most revered religious landmarks.

—Associated Press

# Houthi Leader Defies Odds

*Continued from Page One*

tended a campaign that had crimped a vital sea lane for two years and drew the U.S. into pitched naval battles.

Al-Houthi has said he'll respect any truce signed by his Palestinian allies Hamas. But whatever the outcome, the Houthis are expected to continue their religious war against Israel and the U.S. over time. The group's slogan, chanted at rallies, is "God is Great, Death to America, Death to Israel, Curse the Jews, Victory to Islam."

In private meetings, officials from Egypt, Qatar and Saudi Arabia have tried repeatedly in recent months to convince Houthi leaders to stop attacking Israel and ships in the Red Sea, and go back to being a relatively small-time player in the region's conflicts. But the group always refused, people familiar with the meetings said.

"They genuinely believe in this jihad to remove Israel from that land," said April Longley Alley, a former United Nations diplomat who has engaged with the Houthi leadership. "And they're going to keep pushing."

The global spotlight has emboldened Al-Houthi, who in almost-weekly speeches by video from an undisclosed location has positioned himself as the most prominent Arab and Muslim leader standing up for Palestinians.

"If the Muslim world remains silent as Palestinians face extermination," he said in a speech in March, "it will only embolden America and Israel to commit further atrocities."

control around a third of Yemen's territory, the area includes ports, state companies and other economic assets that yield the group as much as \$2 billion in annual revenue, according to researchers. Their vast arsenal, much of which is supplied by Iran, includes drones, cruise missiles, sea mines and speed boats.

## True believers

For hardened followers, Al-Houthi, who is believed to be in his mid-40s, is a father figure who claims to have descended from the Prophet Muhammad. The Houthis have recruited child soldiers, according to human rights groups, and have run "cultural courses" in the Yemeni capital of San'a for teenagers, who are shown speeches and writings calling for Muslims to dispel Western influences and support the Palestinian cause.

"We truly believe in Abdulmalik," a young man who attended a course a few years ago told the Journal. "We are ready to follow his orders because we believe they are God's commands."

The attendee, who later became a Houthi member and asked to remain unnamed, said he felt empowered joining the group. "You carry a gun, you lead, you make decisions," he said. "Sometimes, you even get paid or offered a job—what could be better in a country like Yemen?"

Detainees in Houthi prisons are subjected to torture, routinely mock-executed, beaten in the genitals or given electric shocks, according to the U.N. The Houthis' security headquarters features jail cells known as "squeezezers" that are three feet long and under two feet wide, and hold prisoners incommunicado as loudspeakers broadcast speeches by Al-Houthi, the U.N. says.

Until a decade ago, Al-Houthi and his group were an insignificant force even in Yemen, so were not seriously on the radar of Israel intelligence.

In late August Israel appeared to achieve a major intelligence breakthrough by pick-



Houthi supporters hold pictures of Abdulmalik al-Houthi during a March rally in Yemen.

ing up signals the Houthi government was going to meet. Hours later, Israeli jet fighters struck a conference hall in San'a, killing at least 12 government officials, including the prime minister and foreign minister, and severely injuring others, according to the Houthis. Israel has since said the attack also killed the group's military chief of staff.

But the strike failed to deter the group, or noticeably impair their ability to attack Israel.

Al-Houthi is obsessive about keeping his location secret and only takes meetings in safehouses—by video. Former diplomats who have met with Houthis had to give up their phones and were taken in vehicles around twisty streets only to be ushered into a room with a computer screen and Al-Houthi on videoconference with live translation, according to people familiar with the arrangements.

Israel's prime minister's of-

fice didn't comment on Al-Houthi. The White House said it was coordinating with regional partners to secure shipping lanes, degrade Houthi capabilities and disrupt the flow of Iranian weapons to his group. The Houthi office in Muscat, Oman, declined to comment.

The Houthis first emerged as significant players in Yemen in the 1990s. Their Zaidi sect, an offshoot of Shia Islam, had ruled northern Yemen for about a 1,000 years until a military coup in 1962 pushed them from power. Many Zaidis, who made up about a third of Yemen's population, felt marginalized.

Tapping that frustration, Al-Houthi's older brother, Hussein, launched a movement that called for driving out Western influences and supporting Palestinians. The movement caught on with young people who didn't like Yemen's gov-

ernment, which was aligned with rival Sunni Muslim groups, and cooperated with Washington's war on terrorism.

Hussein also promoted a new idea among Zaidis of a singular leader, known as the "Guiding Eminence," who was chosen by God to rule. Hussein imported the idea from Iran, where Ayatollah Ruhollah Khomeini became both the country's leader and its religious figurehead.

## Rise to power

In 2004, Hussein was killed in clashes with government forces. Abdulmalik, then in his early 20s, was thin and quiet. But he distinguished himself by regrouping Hussein's followers in caves around their northern Yemen stronghold of Sa'dah and leading guerrilla warfare against the government's more powerful forces. He also embraced the idea that he was a successor to the Prophet, designated by God.

Jamal Benomar, the U.N. special envoy to Yemen between 2011 and 2014, was one of the only foreign diplomats ever to meet Al-Houthi in person. Benomar said Al-Houthi was mature for his age and unusually courteous.

"He was the head of a hardened militia, yet he was very affable with a gentle manner," he said.

Al-Houthi's outward demeanor, belied a more strategic—and ruthless—streak that led him to link up more closely with backers that could facilitate the group's rise.

Iran at the time was building a regional network of al-

lies and initially supported the Houthis with arms and cash transfer. Over the next decade, Iran would spend hundreds of millions of dollars in supporting Al-Houthi's militants with arms, fuel and cash, according to the State Department.

In 2014, they took over San'a, Yemen's capital. Fearful of an Iranian Shiite ally on the peninsula, a coalition of Sunni Arab countries led by Saudi Arabia and the United Arab Emirates intervened, seeking to restore the government. Al-Houthi had helped overthrow.

Backed by Iran, Al-Houthi withstood the pressure, while returning fire on Saudi Arabia and U.A.E. using cheap drone and missile technology. While largely intercepted, his projectiles threatened oil facilities, his opponents' main funding sources. They also jeopardized the perception that Saudi and U.A.E. cities were safe places to live and work, threatening reforms meant to diversify their economies from oil.

Saudi officials say they launched more than 145,000 combat and reconnaissance missions over Yemen over three years, and still couldn't flush Al-Houthi out of his caves. The U.N. eventually brokered a Saudi-backed truce that was supposed to evolve into a broader power-sharing agreement between the Houthis and other Yemeni factions. But talks have stalled.

When the conflict in Gaza began, Al-Houthi redirected his attacks to start hitting commercial ships in the Red Sea and Tel Aviv, demonstrating solidarity with Hamas and the Palestinians. The Houthis' profile suddenly rose worldwide.

Arab mediators seeking a ceasefire in Gaza engaged diplomatically with the Houthis, who they feared were encouraging Hamas to avoid making concessions towards a truce. Egypt, hurting from a fall in income as fewer ships traversed the Red Sea and Suez Canal, hosted the Houthis in Cairo, asking them to stop attacking cargo and offering to help the group gain diplomatic favor with the U.S. But the message from Al-Houthi was always the same: He would only de-escalate if Israel stopped its war in Gaza.

Frustrated with the Houthi attacks, President Trump sent an armada to confront the group this spring. But after the loss of three U.S. warplanes in mishaps, Trump cut a deal where the two sides agreed not to attack each other.

Al-Houthi quickly went back to disrupting commercial shipping, though staying away from U.S. ships. Soon after the cease-fire, armed Houthis in small boats attacked two ships, sinking both and killing several crewmembers in one of their most violent attacks on Red Sea shipping.



A Liberia-flagged bulk carrier attacked in the Red Sea by Houthi-affiliated fighters in July.



# Layoffs Won't Shake Gen Z's Priorities

Workplace upheaval reinforces beliefs that loyalty to a company will not be returned

By OYIN ADEDOYIN AND RAY A. SMITH

Damaryan Benton doesn't go out of his way to respond to emails after 5 p.m. Nia Joseph doesn't worry about staying out late on a work night. Jessica Moran lets her manager know she won't be reachable when she's headed to weeknight pickleball practice. They're all early in their careers and, in the face of a slowing labor market, committed to having work-life balance. Companies are hitting the brakes on hiring or slashing jobs to cut costs during an uncertain economic environment, with some now warning prospective new hires of long hours and few boundaries. At the same time, younger professionals are still giving priority to work-life balance and remain more detached from their employers than older workers, a dynamic that was shaped in part by the rise of remote work during the pandemic. For some Gen Zers, sweeping layoffs at companies in recent weeks have reinforced the belief that loyalty to an employer won't be reciprocated.

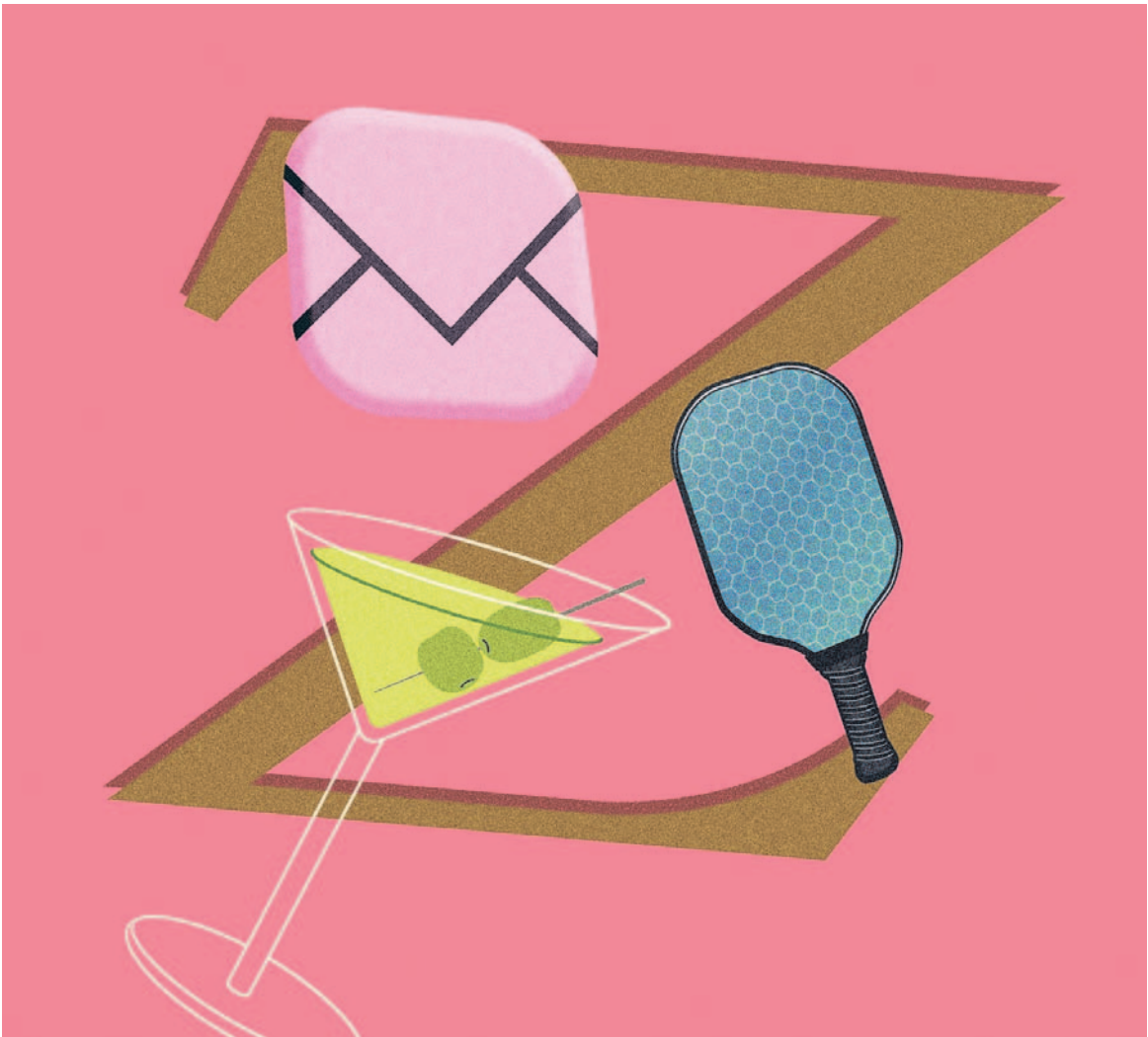
"Even though the labor market is tougher, people are still feeling disconnected from their employers," said Jim Harter, chief scientist of workplace management and well-being at Gallup.

Nia Joseph is among those who has decided not to let work dictate her personal life. She recently did something she hadn't done before on a Sunday night: She stayed out until 2 a.m. even though she had work the next morning. Joseph's neighbor had invited her and a few other women in their 20s to a backyard gathering. Normally, Joseph would've excused herself early, since she had to be at work at 7:45 a.m. for her job as a receptionist at a private ophthalmology practice. Then she noticed how the other women seemed to be enjoying themselves without



▲ Damaryan Benton now doesn't think twice before taking paid time off from his advertising company job.

worry. She decided to let herself relax, too. "It was a Sunday night and I had work in the morning, and they couldn't care less," said Joseph, 27, who lives in Houston. "It reminded me that I used to enjoy things a bit more." Growing up, Joseph watched her parents dedicate themselves to jobs that she said slowly burned them out. Her dad was hardly home because of his job as a professor. Her mother's job as a social worker "completely took over her life," she said. Joseph wants a different relationship with work than her parents had. "Work is never going to free you so you kind of have to free yourself from work," she said. Unlike older generations, who tend to work harder to make themselves seem indispensable in a weakening job market, younger professionals don't seem to fear that their insistence on work-life balance will cost them their jobs, said Marcie Merriman, a Gen Xer and founder of Ethos Innovation, a firm that helps C-suite leaders decode generational differences. "Gen X, when times get tough, when there's uncertainty, when we have fear, what do we do? We work harder, we dig in more, we



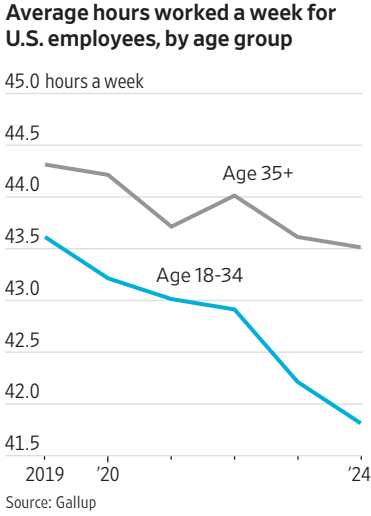
push, push, push, because that's how we've been conditioned," Merriman said. Gen Z, on the other hand, expects that results will be evaluated more than the work or effort they put in, she said. More young professionals choose work-life balance over salary as the most important attribute they considered when thinking about starting a full-time job, according to a survey this summer of more than 1,100 interns at KPMG. For one of the firm's former interns, work-life balance was so important when she was thinking about where she wanted to work

▼ Nia Joseph wants a different relationship with work than her parents had.



after graduation that she gathered intel from her co-workers. "I was asking associates, senior associates and managers questions to gauge their work-life balance and what it truly looked like," said Jessica Moran, 24, who interned at KPMG in 2022. From their responses, Moran said she got the sense that her colleagues had hobbies and passions outside work. "For me, that means there must be work-life balance here," she said. Now a senior audit associate at the firm's office in Short Hills, N.J., Moran said she felt comfortable telling her manager how important pickleball is to her when it came to her schedule and setting work-life boundaries.

The shifting priorities are showing up in shrinking work hours. Americans worked an average of 42.9 hours a week last year, down from 44.1 hours in 2019, according to a Gallup survey. Those younger than 35 led the decline, working an average of nearly two hours less a week, while older employees reduced their workweek by just under one hour. When Damaryan Benton interned at a public-relations agency in Chicago, he said he would log on at 7 a.m., often have little time for lunch and frequently end up working past midnight. Sometimes, Benton said he would work when he was sick. "I was that adamant in not missing work because it was this opportunity to prove myself," said Benton, 24.



While working late one night, Benton broke down and started to cry. He still had hours of work to do and was feeling overwhelmed. He messaged his manager, who suggested he take a break and assured him that the deadline could be extended. Today, Benton doesn't think twice before taking paid time off from his job at an advertising company in Los Angeles. He checks in with his managers before logging off for the day, and lets them know he'll address any unfinished assignments first thing in the morning. He doesn't go out of his way to do extra work. "After five if I'm not by my laptop, I'm not by it," he said. "I don't provide an explanation for it, either."

By VERONICA DAGHER

Trish DaCosta saved for more than five years to buy a home in Nashville, Tenn., and was thrilled when her offer on a roughly \$400,000, three-bedroom house was accepted. Then, a month before closing earlier this year, she was laid off from her job in public relations. When she learned she lost her job, the first call she made was to her real-estate agent to pull the offer. "I'm grieving the loss of that house," said DaCosta, 40. "It's really frustrating after years of saving and planning." A clause in her contract ensured that DaCosta got back her \$4,000 good-faith deposit, but she lost the roughly \$1,100 she had spent on inspections and appraisal fees. More home-purchase agreements are being scrapped around the country, reflecting an intensifying standoff between buyers and sellers in a largely stalled housing market. About 15% of agreements were canceled in September, up from roughly 13.6% a year earlier, according to the real-estate brokerage Redfin. The rate has generally been climbing all year. The rising cancellations are being fueled by a range of factors, including uncertainty regarding the economy. More buyers are feeling anxious about their job security, triggering cold feet

About 15% of home-purchase agreements were canceled in September.



before closing in some cases, according to real-estate agents. And with home prices at historic highs, financing for buyers might be falling through or they might realize that ongoing costs such as homeowners insurance or property taxes are higher than they anticipated, said Rick Sharga, founder of CJ Patrick Co., a real-estate consulting firm. In many cases, buyers simply have more leverage than they have had in years, thanks to the growing inventory of homes that are staying on the market longer. Meanwhile, many sellers with low mortgage rates feel little pressure to sell, one reason home prices are still so high. Sellers who don't get the price they want can simply take their home off the market. In September, about 52% more homes were delisted compared with a year earlier, according to Realtor.com, which is operated by News Corp, parent of The Wall Street Journal. The unwillingness to budge on both sides means deals can easily collapse when an inspection reveals any problems. Bob Graeve, a

◀ Trish DaCosta got her deposit back but lost money spent on inspections and appraisal fees.

# More Home Buyers Are Getting Cold Feet



real-estate agent in West Palm Beach, Fla., recently represented a buyer who was under contract for a \$485,000 home. He said the inspection identified such issues as damaged pipes that could have been resolved for about \$20,000 in repairs. While the seller was willing to drop the price by that amount, the buyer wanted a \$50,000 price cut instead. The deal fell apart. Buyers risk losing their good-faith deposit if they cancel the deal outside a contract contingency or after certain deadlines. That deposit, often called earnest money, is typically 1% to 3% of the home price. Scrapped deals can hurt sellers, too, if houses are on the market longer and other buyers start won-

dering if there is something wrong with the property. Helped by buyers seizing on declining mortgage rates, sales of existing homes rose 1.5% in September from the prior month, according to the National Association of Realtors, providing a lift to the struggling market. Still, buyers and sellers alike are showing hesitancy. Jacksonville, Fla., for instance, had one of the highest rates of cancellations, at 17.8% in September. Florida has an especially high rate of called-off deals, in part

because ample new-housing inventory gives cautious buyers more options, said Chen Zhao, an economist at Redfin. In other parts of the country where there has been less new construction, cancellations have been relatively muted, underscoring vast regional differences in today's housing market. To reduce the risk of cancellation, sellers should consider getting preinspection reports for the home, roof, structure and pests, and sharing that information with buyers upfront, said Kelley Krock, a real-estate agent in the San Francisco Bay Area. Securing a signed backup offer also provides a quick replacement if the first deal goes south, she said. A backup offer can also act as a powerful motivator, encouraging the initial buyer to stay committed and keeping expectations in check throughout the closing process. Buyers aren't the only ones backing out of deals, and there are cases in which there is little hope of saving a deal. Heather McVeigh, a New York City agent, recently worked with sellers who canceled a deal because their own offer on another home fell through after the owner had backed out. The sellers returned the buyer's deposit and took the house off the market.

FROM TOP: EMIL LENDOF/WISLUSTOCK; MARGIE SCRANTON; NIA JOSEPH



PERSONAL JOURNAL.

By Anna Wilde Mathews

For around 24 million people enrolled in Affordable Care Act plans, things are about to get crazy. Enrollment for next year’s coverage started Saturday, and virtually everything is changing all at once. Premiums for many plans are shooting upward. The federal subsidies that most enrollees use to pay for their insurance are set to shrink, though Congress might still reverse that in coming weeks. New rules will add additional wrinkles, including the risk of higher tax bills.

The upshot: If you have Obamacare, you really need to dig in and be careful about what you choose during the open enrollment period, which began Saturday and lasts until Dec. 15, for coverage that starts Jan. 1.

If you don’t, you could get hit with huge bills next year. You could also be locked into health insurance you can’t afford.

“This is the most extreme pricing change we’ve seen,” said Jeff Grant, a former official with the Centers for Medicare and Medicaid Services, which oversees federal ACA implementation. “Nobody can understand what this means until they go shop.”

Here’s what ACA enrollees need to know to navigate this year’s hazards.

Getting started

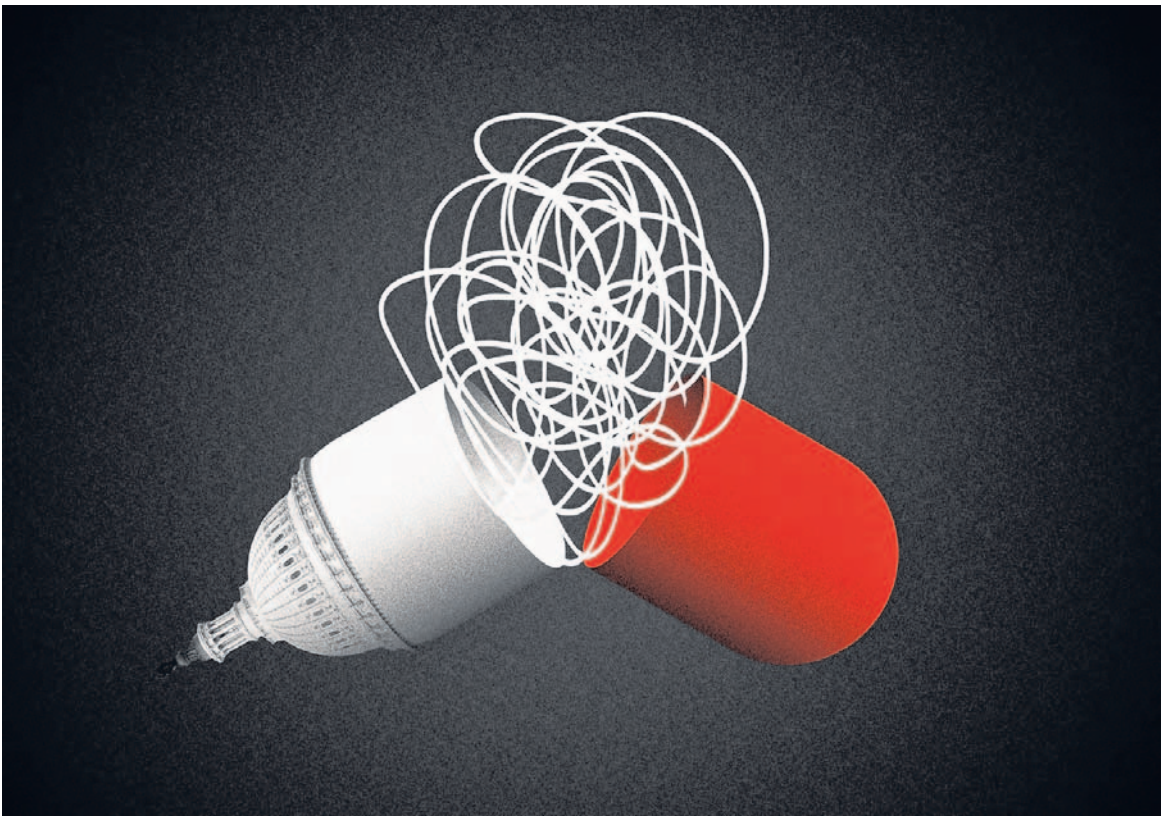
You can start the shopping process on HealthCare.gov, the federal insurance marketplace that serves 30 states for 2026. If you don’t live in one of them, it will bounce you to your state’s website.

You should consider getting advice from an expert, perhaps someone recommended by a friend or relative. HealthCare.gov includes a “find local help” button that leads to advisers. Groups representing brokers and agents also offer directories.

Many Obamacare insurance premium hikes for next year are well into double-digit percentages. Most enrollees don’t pay the full premium, but declining federal subsidies will still leave them with far higher monthly bills.

The pain will be spread unevenly. Its impact will depend on factors like your income level, your age and what plans are sold in your area. The best thing to do is to get on your government marketplace for a reality check.

Some of the biggest increases,



Watch for Changes To ACA Health Plans

Enrollment has started and this year more than ever, people need to choose carefully because their costs could increase substantially

in dollar terms, will hit people who make slightly over 400% of the federal poverty level, which is about \$62,600 for an individual.

Many of those people qualified for a subsidy this year, but they won’t get any help at all next year because enhanced federal payments are set to lapse.

Bigger bills

Kevin Foster, 64, a retired business consultant in Lafayette, Calif., logged on to the state marketplace recently to check his rates for next year and couldn’t believe what he saw.

Eligible for a subsidy in 2025, he and his wife are slated to lose it in 2026.

The couple’s monthly insurance bill of about \$580 will shoot up to more than \$3,200, or an annual

cost of more than \$38,000. The 2026 version of their plan comes with a family deductible of \$14,400, pushing the total past \$50,000.

“It was really just pure shock,” he said. “I was like, ‘Are you kidding me?’ ”

He’s likely to have to tap his savings until he can get Medicare, he said, but he’s also trying to find a cheaper plan, or an alternative like purchasing travel health insurance and temporarily relocating abroad.

For other enrollees, the rising costs are leading to wrenching choices.

Jordan Euckert and her husband currently pay \$129 a month, after a subsidy, to cover their family of six in Bedford, Texas.

Next year, the cheapest plan that includes the children’s hospital and doctors their kids need will set them back about \$550 a month.

Euckert, 31, who works for a small construction firm, said the family probably can’t afford that. Now, she’s wondering if the couple should go uninsured, while keeping their children covered.

Though both spouses are healthy, her husband’s job as a roofer poses a constant risk.

“It’s just like all those what ifs, like what if I got sick, what if my husband got sick—what would we do?” she said. “I don’t know.” She is hoping the couple’s agent can come up with a better solution.

ACA enrollees said they are still hopeful that Congress might restore the bigger federal subsi-

Some enrollees are looking at other choices.

Scott Leavitt, an insurance broker in Boise, Idaho, said a married pair of his clients who own their own firm are considering switching to a small-business plan, or coverage purchased for an employer, rather than an individual or family.

Some ACA enrollees can join a spouse’s employer plan, or might be forced to look for a job that comes with health benefits.

Agents say ACA enrollees should be careful about products that don’t carry the same protections as Obamacare plans. Short-term medical plans, for instance, can refuse to cover pre-existing illnesses, as well as drugs and other types of medical services. So-called healthcare-sharing ministry plans aren’t regulated as insurance, and can have similar limits and shortfalls.

Another type of product, known as fixed indemnity plans, will pay out a set amount for certain medical services, but their setup can leave patients on the hook for whatever a healthcare provider bills above that amount, potentially tens or hundreds of thousands of dollars.

“Once that \$15,000 or \$10,000 is done, there’s no more coverage,” said Heather Stone, a health-insurance broker based in Fort Myers, Fla. “If you need chemo, it’s not going to cover anything like that.”

Other wrinkles

While the ACA-subsidy sticker shock is hard to miss, many enrollees may not be aware of other new rules that could affect them this year.

For one thing, lower-income enrollees in the past could sign up for new ACA plans year-round, a loophole that has now closed. “They are not going to let you find out you have an illness in April and then come back and enroll into a major medical plan,” said Johnny Wallin, chief operating officer of Marketplace Insurance Exchange, a health-insurance brokerage.

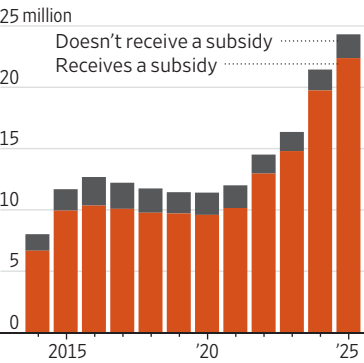
One of the biggest changes might not surface until tax season in 2027.

When enrollees sign up for their 2026 plans, they have to estimate their income for that year. If they end up making more money than they estimated, they get too much subsidy, and they have to pay back the difference when they file their taxes.

In the past, the law capped how much most enrollees would have to repay, but that limit is now gone. So the tax bill could be thousands of dollars for some people.

After Ja’Net Adams chooses an ACA plan this year, she plans to meet with her accountant to plan for the tax implications. “We’re going to have to sit down in December and say ‘What do we need to make sure happens in 2026 so that we don’t have a big tax bill because of this?’” said Adams, 44, who owns a financial consulting firm in Kernersville, N.C.

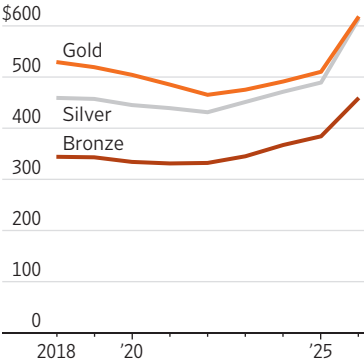
People enrolled in Affordable Care Act plans



\*Based on average lowest-cost premium for each tier.

Sources: KFF (enrollment); KFF analysis of data from Healthcare.gov, state rate review websites, state plan finder tools, and state provided data

Average ACA marketplace premiums, by tier\*



Lego Worlds Took Over Their Homes

Continued from Page One space. Some builders have devoted certain rooms wholly to Lego. Others decorate mantelpieces, bookshelves and walls with their plastic builds, often to spouses’ chagrin.

“I think I just have to get a bigger house,” says Steve Isom, 39, the Omaha, Neb.-based chief financial officer for a tech company. His dining table and buffet have been commandeered by Lego sets built by him and three of his children, as has his office. Spaceships dangle from the ceiling via fishing wire.

Isom has personally assembled

275 sets in the past four years, including a titanic Titanic moored on a long shelf and a 10,000-piece, nearly 5-foot-tall Eiffel Tower.

“It’s not a toy, it’s a sophisticated interlocking brick system,” says Isom. The hobby helps him unwind after hectic days.

His wife, Preston Isom, says the bricks aren’t necessarily in line with their home’s modern farmhouse aesthetic, but she’s glad her husband and children find pleasure in them. Still, she’s banned Lego displays in the bedroom. “It’s a slippery slope.”

Seattle architect Jeff Pelletier says he’s helped design plans for around 25 houses since the pandemic that have included Lego rooms, 90% of them for grown-ups. Pelletier, a Lego fan himself, says he advises clients to avoid rooms with too much sunlight—lest bricks discolor—and use glassed-in cabinets to display creations, thereby avoiding dust. A quick douse in the



shower, he says, is his usual trick to get them clean.

Pelletier has one Lego room for his children and is planning another for himself in a backyard pool house. Elsewhere, he’s tried to cultivate “little moments of Lego”—a brick botanical arrangement on a cabinet, or Lego versions of famous paintings, such as Hokusai’s “The Great Wave,” incorporated into a gallery wall.

Niko Cejic, a Realtor with Douglas Elliman who’s handled the sale of multiple houses with Lego rooms, says such touches add character. During recent open houses for a \$2 million home in the Hamptons, the seller kept his Lego Lamborghini and Ferraris out, charming several buyers.

“We have so many sterile vanilla houses,” Cejic says. “This is just

▲ Cristie North has spent \$100,000 on her elaborate Lego lair.

more fun.”

Evan Rubin, 41, agrees. Between shuttling kids to sports and school and commuting for his job at a medical equipment company in southeastern Pennsylvania, “life can get monotonous.”

“This is bringing back some of our childhood,” says Rubin. “Nobody really wants to grow up.”

Still, out of deference to his wife, he mostly keeps his constructions confined to a single room downstairs. “My wife gets the house, and I get the basement,” he says, though he sometimes tries to sneak a set in elsewhere. He once hid a Lego treehouse above their china cabinet for more than a month before she noticed.

Many Lego rooms wind up in basements, which have the advantage of discretion, says Brodie Over-

ton, 40, a nurse and Lego fan in central Iowa.

“When the HVAC guy or plumber comes, they’re like, ‘What’s going on?’” he says of his own subterranean Lego room. “Then they’ll spend 20 minutes looking around.”

Lego’s adult fan base has exploded since 2020, when the company began targeting them with sets sleekly packaged in black. Today, its offerings include everything from a \$1,000 Death Star to more living-room-friendly items, including flowers and holiday decor.

Especially for those with skeptical spouses, the latter are a boon, says Ridwan Adhami, 45, who fell in love with Lego when he began building with his daughter, then 4. She’s now 17 and has grown out of it. He’s kept building, even as she rolls her eyes.

His wife insists he restrict his hobby to a basement storage room. Still, Adhami keeps trying to make inroads. Last year, the Montclair, N.J.-based creative director rejoiced when she agreed to let him arrange a Lego winter village on their mantel.

“It was like a pitch. I had to bring the sets up,” he says. “She was like, ‘I don’t like the way that snowman looks. That little post office is cute, it can stay.’”

Recently he showed her a picture of a Lego fall wreath to try to gain her approval. He’s hoping to commandeer another part of their basement, one reserved for their cats.

“I’m just trying to get her used to the idea so I can start sneaking more,” he says.



◀ Evan Rubin’s Lego constructions are outfitted with lights to better mimic their real-life counterparts.

FROM TOP: EMIL LENDOWSKI; ISTOCK; KEVIN FOSTER

FROM TOP: ARIANA SPEERS; EVAN RUBIN



# ARTS IN REVIEW

EXHIBITION REVIEW

## Comedy’s Conductor

A show offers behind-the-scenes highlights from the long career of Lorne Michaels

By ANNE S. LEWIS

**F**or someone who reportedly doesn’t laugh easily or often, Lorne Michaels has been a driving force behind what cracks up the comedy-loving public for more than half a century. The broad-spectrum comedy producer’s magnum opus, “Saturday Night Live,” has just begun its 51st season, and Mr. Michaels, now age 80, recently donated his 500-box archive to the Harry Ransom Center at the University of Texas at Austin.

The archive’s exhibit, “Live From New York: The Lorne Michaels Collection,” is a curated trip down “SNL” memory lane, starting in 1975 in Studio 8H in Rockefeller Center, but the seemingly limitless wingspan of the Toronto native’s early and subsequent comedy career is also well-represented. Posters, newspaper clippings, and photos present Mr. Michaels’s pre-“SNL” years in the comedy trade in Los Angeles and New York, including award-winning work with Lily Tomlin, Phyllis Diller and Rowan and Martin’s “Laugh-In.” Well into the “SNL” years, he expanded into what is a still-active, multi-prong and award-winning portfolio of film and network-TV production. The fruits of these efforts include “Three Amigos,” “Mean Girls,” “30 Rock,” “Portlandia” and the NBC late-night talk shows hosted by “SNL” alums Jimmy Fallon and Seth Meyers. There are posters, annotated scripts, costumes, production materials and newspaper clippings from these projects. Guest curator Steve Wilson’s exhibit labels provide excellent in-depth guides to the entire exhibit.



The concept of a comedy variety series had actually been intriguing to Mr. Michaels for years when, in 1975, NBC tapped him to come up with a replacement for the weekend late-night slot then airing reruns of Johnny Carson’s “Tonight Show.” The ask, spelled out in an interdepartmental memo: something live from New York for a young audience. Mr. Michaels’s detailed Mailgram response to NBC executive Dick Ebersol describes, in addition to a litany of creative ideas for the show’s content, the show’s target audience as the so-called television generation, whose opinions and attitudes he wanted to engage in a cultural conversation.

The “live” aspect, eliminating as it did the time constraints of editing, had its useful production economies but was also conceived, by Mr. Michaels, as an excellent way to invigorate a studio audience and provide useful immediate

feedback to the cast. Unintentional profanity or intentional “unscripted” acts remain the unavoidable but predictably entertaining wild cards of the genre. It also created truly unscripted controversial moments, as in 1992, when, to the shock of the viewing public,

musical guest Sinéad O’Connor shredded a photo of Pope John Paul II.

For many lifetime fans, the original 1975 cast, the Not Ready for Prime Time Players, seen in many photos in the exhibit, remains the definitive “SNL.” There’s a shot of musical guest Sinéad O’Connor and Jane Curtin, who replaced Chevy Chase as anchors on the ever-popular “Weekend Update.” Their over-the-top parries during that segment’s “Point/Counterpoint” feature—“Jane, you ignorant slut” and “Dan, you pompous ass”—remain comedy gold.

Mr. Michaels is perhaps best known for the uncanny ability to turn out a 90-minute live weekly

**Mr. Michaels recently gave his archive to the Harry Ransom Center.**



Mr. Michaels with Madeline Kahn, Will Ferrell and Cheri Oteri, left; Mike Myers and Dana Carvey circa 1992, above.

show in just over five days, with final changes often made minutes before or even during the broadcast. A photo of his storied office bulletin board on which moveable, color-coded index cards of show sketches are easily re-arranged offers a glimpse of how this works.

Various network memos on display reveal the inevitable, behind-the-scenes battles of musical tastes—the classic-rock-leaning preferences of the network execs versus those of the hip young viewership. Ditto for certain infamous stalemates that did not end well for the continued employment of a few big-name cast members, Norm Macdonald and Adam Sandler among them.

Mr. Michaels has often said in interviews that everyone has an opinion about when, over the decades and with which casts, “SNL” was at its best—and its worst—joking that the adjective overwhelmingly chosen to describe the series was “uneven.” The show, in its pre-digital days, was regularly bombarded with mail, fan letters, complaints, and sketch and job pitches, scribbled on everything from scratch pads to toilet paper. Then-“SNL” writer Anne Beatts reacting, in a 1978 letter excerpted here, to the frustration of having to respond to the relentless barrage of unsolicited comedy material, wrote:

*No matter how funny you think it is, we can not read, evaluate, or use any of your stuff. We never use outside material, and we are not looking for any new writers at this time. Really. Cross my heart and hope to die, which I may do soon, if I have to write any more letters like this one.*

Scattered amid the vast collection of photos, audio and video clips and audition tapes are full-size glass cases with props like the costumes of Dana Carvey’s Church Lady, the Two Wild and Crazy Guys and Chris Farley’s Matt Foley; the cowbell and a photo from the legendary 2000 “More Cowbell” sketch with host Christopher Walken; and the wig that Alec Baldwin wore when he played Donald Trump.

The archive may be light on personal revelations about Mr. Michaels. However, one senses that the same droll, expressionless humor with which he accepted, back in 1976, one of the first of the more than 90 Emmys (among more than 300 nominations) for “SNL” by thanking the city of New York “for the correct combination of rejection and alienation which keeps the comedy spirit alive” is still part of his endless arsenal of bon mots.

**Live From New York: The Lorne Michaels Collection** Harry Ransom Center, through March 20, 2026

*Ms. Lewis is a writer in Austin, Texas.*

ARTS CALENDAR

## HAPPENINGS FOR THE WEEK OF NOVEMBER 4

By WSJ ARTS IN REVIEW STAFF

**Film**  
“Predator: Badlands” (Nov. 7)

The latest entry in the “Predator” series stars Dimitrius Schuster-Koloamatangi and Elle Fanning as an out-cast alien and his unlikely ally who team up to hunt a seemingly unstoppable opponent. Dan Trachtenberg (“Prey,” “10 Cloverfield Lane”) directs.

**“Nuremberg”** (Nov. 7)

During the famed trials of Nazi war criminals, a psychi-

atrist (Rami Malek) interviews the defendants, including a particularly sharp-witted Hermann Göring (Russell Crowe). James Vanderbilt’s drama also features John Slattery, Colin Hanks and Michael Shannon.

**Theater**  
“The Queen of Versailles” (St. James Theatre, New York, opens Nov. 9)

Kristin Chenoweth stars as Jackie Siegel, wife of a timeshare titan (F. Murray Abraham), who sets out to build an audacious, \$100 million home in Florida, inspired by the Palace of Versailles. But the great recession has other plans for the

**Music**  
“The Mountain Goats, Through This Fire Across From Peter Balkan” (Nov. 7)

The new LP from the indie-folk artists is dedicated to the group’s longtime bassist, who departed the band in 2024, and is a concept album that tells the tale of a ship’s crew wrecked by a storm.

**Opera**  
“Hildegard” (The Wallis Annenberg Center for the Performing Arts, Beverly Hills, Calif., Nov. 5-9)

LA Opera and Beth Morrison Projects present the world premiere of Sarah Kirkland Snider’s opera about Hildegard of Bingen, a nun, mystic and composer who risked her position and safety for her beliefs and art.

**Exhibitions**  
“Renaissance on Runway: The Enduring Italian Houses” (Cleveland Museum of Art, Nov. 9-Feb. 1, 2026)

More than 100 modern and contemporary fashion objects are paired with Italian art from the 1400s to the early 1600s to look at the way that the country’s creative past still provides inspiration for its sartorial present.

**Last Call**  
“Don McCullin: A Desecrated Serenity” (Hauser & Wirth, New York, through Nov. 8)

This show dedicated to the work of the internationally acclaimed photojournalist collects more than 50 of his pictures along with archival material and historical ephemera to trace his visions from the battlefields of Europe to the streets of postwar Britain.

For additional Arts Calendar listings visit [wsj.com](https://www.wsj.com). Write to [brian.kelly@wsj.com](mailto:brian.kelly@wsj.com).



Russell Crowe (far left) as Hermann Göring in ‘Nuremberg.’

atrist (Rami Malek) interviews the defendants, including a particularly sharp-witted Hermann Göring (Russell Crowe). James Vanderbilt’s drama also features John Slattery, Colin Hanks and Michael Shannon.

**TV**  
“Death by Lighting” (Netflix, Nov. 6)

Michael Shannon is President James Garfield and Matthew Macfadyen is his assassin, Charles Guiteau, in this four-episode series also featuring Nick Offerman and Bradley Whitford.

**“Pluribus”** (Apple TV+, Nov. 7)

Vince Gilligan returns with a new show, with Rhea Seehorn of his earlier “Better Call Saul” in the lead role,

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

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- 26 “\_\_ Rae” (Sally Field film)
- 27 Kaitlin of “High Potential”
- 29 Water, in Paris
- 33 Challenge for a dry cleaner
- 34 Country singer Gibbs
- 35 Hesitant response
- 37 In for repairs
- 38 Wooden rod
- 39 Refinery waste
- 41 Hypothesize
- 42 Vardalos of “My Big Fat Greek Wedding”
- 47 Controversial plaything
- 49 Sofa’s kin
- 50 First Hebrew letter
- 51 Spots for spelunkers
- 52 Movie-promoting product
- 53 Rose garden hazard
- 54 Really little
- 55 Gaping mouth
- 59 Equips
- 62 That, in Madrid
- 63 Decimal base
- 64 Civil rights leader \_\_ B. Wells
- 65 Business card abbr.

### ACT NOW! | By Paul Leistra

Across

- 1 Classic Milton Bradley’s put-your-cards-in-order brand
- 6 Wintry weather
- 11 Camera inits.
- 14 Rose garden pest
- 15 Character looked for in kids’ books
- 16 \_\_ mater (brain membrane)
- 17 \*Foreboding
- 19 Tennis redo
- 20 Difficult predicament
- 21 Photograph, for example
- 23 Make a pulp out of
- 25 \*Religious group from whom the Amish split
- 28 1973 hit for the Rolling Stones

- 30 Gymnast Korbust
- 31 Food label abbr.
- 32 Daisy family flowers
- 36 “Impaired Driving Ends Here” org.
- 40 \*Iconic display?
- 43 Layered cookie
- 44 Designer Giorgio
- 45 The only even prime number
- 46 Commotion
- 48 Fireplace remnants
- 50 \*It may be marked for further study at the end of a meeting
- 56 Wiggly swimmers
- 57 Church members
- 58 One of the red suits
- 60 Night before

- 61 “Hurry up!” (or a slogan for the starred answers)
- 66 Canada’s smallest prov.
- 67 Manipulative folks
- 68 Crystal-lined stone
- 69 Sister channel of QVC
- 70 Mary Poppins, e.g.
- 71 Leaflike flower part
- 1 Cardi B’s field
- 2 Busy mo. for CPAs
- 3 One may include a lot of checks
- 4 Korean spicy pickled cabbage dish
- 5 Burnt toast feature
- 6 Filch
- 7 Grow dark
- 8 Yale student

- 9 Tokyo’s former name
- 10 Goal of some gym workouts
- 11 Dropped egg sound
- 12 Feudal superior
- 13 Parking garage posting
- 18 “Apocalypse Now” setting, familiarly
- 22 City with Little Havana and Coconut Grove
- 23 Politico Rubio
- 24 Conjunction with a slash

#### Previous Puzzle’s Solution

HERD	ABET	WAGE
ONION	JILLS	ECOL
MOSCOW	MULE	SOBS
EKE	MITE	ATRIA
SINGAPORE	SLEING	
ODE	ANTE	
AHAB	ISSUE	ASK
MALIBU	BAYBREEZE	
IMP	ALEXA	XRAY
	SRTA	PSA
ALABAMA	SLAMMER	
BLOTS	CHUG	ELO
EGGY	BAHAMAMA	
LAIR	ODOR	SOLOS
LENS	TOOK	PISST

► Solve this puzzle online and discuss it at [WSJ.com/Puzzles](https://www.wsj.com/puzzles).



SPORTS



# The Allen-Mahomes Rivalry Is New Brady-Manning Debate

With five wins apiece from 10 career meetings, the Bills’ Josh Allen and the Chiefs’ Patrick Mahomes have become a modern answer to the question that shaped the league for a decade

By Andrew Beaton

By now, the expectation whenever Josh Allen and Patrick Mahomes step onto the same field is for the two transcendent quarterbacks to produce an instant classic.

Sunday’s showdown between Mahomes’s Kansas City Chiefs and Allen’s Buffalo Bills was no exception. It included Mahomes converting a highly improbable 4th-and-17 to rally the Chiefs and Allen extending his all-time record for the most games with both a passing and rushing score.

And when a Hail Mary attempt by Mahomes on the final play fell incomplete, Allen and the Bills had escaped with a 28-21 victory.

Mahomes vs. Allen has grown into this generation’s answer to the Tom Brady-Peyton Manning rivalry. The problem for Allen and his Buffalo teammates is that they have proven themselves capable of knocking off Kansas City—until the calendar flips to January and the two sides meet in the postseason.

Which means Sunday’s latest installment leaves just one question: Can Allen and the Bills do the same when it matters most?

“They’re the pinnacle of what you want your franchise to be,” Allen said of the Chiefs. “They’ve been that for the last eight years.”

The Chiefs and Bills have now split each of their 10 games against one another in the Mahomes-Allen



**Josh Allen, top, and the Buffalo Bills beat Patrick Mahomes and the Kansas City Chiefs on Sunday.**

pleted just 15-of-34 pass attempts, marking the first time in his career that he was held under 50%.

But even though the Chiefs have a middling 5-4 record after this latest defeat, they might not be losing sleep over this loss. Because Kansas City has shown, time and time again, that it looks like an entirely different team against Buffalo in the playoffs.

In their six regular season matchups since 2020, the year Allen and Mahomes first met, the Chiefs have averaged a pedestrian 20.8 points a game. In the four postseason meetings, though, they have gashed the Bills to the tune of 34.8 points on average.

Along the way, there have been some absolutely epic clashes. In the divisional round after the 2021 season, there were 25 combined points scored in the final two minutes—including a game-tying Chiefs drive after Mahomes got the ball back with just 13 seconds left. Kansas City wound up winning 42-36 in overtime.

Two years later, in the same round, it looked like Allen had engineered a late game-tying drive of his own. Then Buffalo kicker Tyler Bass missed a 44-yard field goal attempt, allowing Mahomes to ice the game. The Chiefs followed that up


era, with both teams winning five times. Yet it’s hardly an even split: Kansas City has won all four meetings in the postseason.

Which explains why their career achievements are so vastly different, even though Allen has often surpassed Mahomes statistically in recent years. When it comes to the one number that matters, Mahomes has played in five Super Bowls—and won three. Allen is still trying to reach his first.

Buffalo fans hardly need to be reminded of this. They’ve famously never got to see their team win a Super Bowl. But Sunday’s victory at

least gave them hope that if the two teams meet again this postseason, this iteration of the Bills might just have what it takes to get past Kansas City.

The most effective tight end in the win wasn’t Chiefs star Travis Kelce. Instead, it was Buffalo’s Dalton Kincaid, who led all players with 101 receiving yards to go along with a touchdown. The Bills’ pass rush, spearheaded by offseason acquisition Joey Bosa, pressured Mahomes on 52.6% of his dropbacks—higher than in any of their previous nine matchups. By the time the game was over, Mahomes had com-



Restless after that rowdy World Series. A few quick thoughts:

1. Pretty dang great, no? Our baseball friends tend to lather on the syrupy superlatives about their preferred pastime—I’ll stick to aggravating alliteration—but it’s hard to argue that a World Series Game 7 isn’t one of the most riveting stages in sports. Saturday’s 11-inning epic between the Dodgers and Blue Jays was a true doozy.
- Game 7 was one of those events in which a sport announces to the casual observer, *You Have to Watch This* and they do, and it’s superb, and nobody regrets it, except maybe Jays fans, who get scarred for life and now have to deal with those Maple Leafs.
- Baseball is a ruthless sport of tense, amplified moments, cruel at times, and that’s what makes it so worthwhile. The beauty. The pain. See, I’m doing it, too. Baseball is a potent perfume.
2. The Bunt Police are coming after the Jays. Also the Bunt-More Police, so it’s confusing!
- Count me in as one of the geezers happy to see the sacrifice bunt make a comeback, that a few teams are finally defying the analytics and reviving the taboo tradition of moving a runner over, but Toronto skipper John Schneider’s decision to deploy a sacrifice bunt in the 11th to move Vlad Guerrero Jr. to third after Guerrero Jr.’s inning-opening double...that’s a tricky one.
- The strategy, of course, is giving the Jays a chance to score Guerrero Jr. via a fly ball and tie the game. But it’s tricky because you’re giving up an out to a pitcher (Yoshinobu Yamamoto)

who has tormented your team for an entire week. It feels like a gift, and there’s always a risk the bunt isn’t executed correctly, another reason the nerds despise it. They mainly hate it because over time, teams that sacrifice bunt score less than teams that don’t. The practice basically went dodo.

Toronto sacrifice bunted in the third inning versus a tired Shohei Ohtani, and I guess you could say it didn’t hurt: It moved George Springer over to second before Vlad took an intentional walk and Bo Bichette hit a 3-run dinger. Of course, I’m sure someone will argue that without the bunt, that would have been a Grand Slam. (Wise ancients remembered the Blue Jays won their first World Series on an unsuccessful two-out bunt attempt by Atlanta.)

The 11th inning bunt felt like more of a surrender: Toronto suppressing the momentum of Vlad’s opening double (he really tagged Yamamoto) taking an out away for a chance to win, and playing for the tie. After the bunt, the Dodgers put Addison Barger on with a walk, setting up the double play, the Jays hit a ground ball, and well, you know the rest...Dodgers win.

3. It’s a pleasure to watch a climactic game with outrageous defense. Guerrero Jr. made an incredible diving catch to get the Jays out of an early jam. Toronto center fielder Daulton Varsho

JASON GAY

## Did the Blue Jays Blunder World Series With a Bunt?



Isiah Kiner-Falefa laid down a sacrifice bunt in the 11th inning of Game 7.

made an even more ridiculous grab with the bases loaded—that ball gets past him, and it’s possibly a Little League-style Grand Slam.

Both teams forced out huge runs with the bases loaded. And Dodger outfielders Kiké Hernandez and Andy Pages collided on a near-disastrous fly out in the bottom of the ninth—Hernandez, the left fielder, was trying to over-the-shoulder Willie Mays a deep drive when center fielder Pages came over, crashed into him and snatched it away like a wedding bouquet.

Could have been an all-time blunder...now it’s just funny, and Hernandez and Pages can tell that

with a 32-29 win in last year’s AFC Championship.

The frequency of those meetings shows why it wouldn’t be a surprise if the two teams meet again a few months from now. And it would give the Bills another chance to really get over their boogeyman.

### Agony of the Bengals

The finish of Sunday’s Chicago Bears-Cincinnati Bengals game was total mayhem.

Trailing by 14 points, the Bengals and 40-year-old quarterback Joe Flacco scored twice in the final two minutes—and converted on a two-point attempt—to take a one-point lead. But after getting the ball back with under a minute left, Bears quarterback Caleb Williams hit tight Colston Loveland for a 58-yard touchdown to seal a 47-42 win.

For the Bengals, this has become an unfortunately familiar feeling: No team loses so often when scoring so much.

Since the start of last season, teams have won 87.9% of games when scoring at least 33 points, according to Stats. Cincinnati, on the other hand, has lost six of its 10 games when scoring that much. No other team has more than two such defeats in that span.

### Trade deadline looms

The NFL trade deadline doesn’t typically produce the same fireworks that other sports do, but teams have also gotten more creative about their dealmaking in recent years. On Saturday, the Ravens sent former Pro Bowl cornerback Jaire Alexander to the Eagles, who are never afraid to pull the trigger on a deal.

It isn’t hard to figure out which teams may be the most willing to sell off pieces. Just look at the bottom of the standings.

It often makes sense for teams like the Jets, who are 1-7, to trade players with short-term value to get back future draft capital. And other teams that have already made leadership changes could also be due for further shake ups. The Dolphins just ousted general manager Chris Grier while the Tennessee Titans fired coach Brian Callahan. This year’s deadline arrives Tuesday.

### A surprise turnaround

It’s been a while since the Carolina Panthers were any good. Over the last few years, they’ve cycled through coaches while quarterback Bryce Young, the No. 1 overall pick in 2023, looked like a major disappointment.

But they’re now 5-4. Could they be a legitimate contender for a playoff spot?

On Sunday they upset the Packers 16-13, and their victory marked their fourth consecutive win with Young under center. (He missed last week with an injury.)

Young wasn’t particularly effective on Sunday, passing for just 101 yards. But the Panthers ran the ball well while the defense kept Green Bay out of the end zone until the fourth quarter.

And the schedule gives them a good chance to rattle off a couple more wins—beginning with next week against the one-win Saints.

ager Dave Roberts made a joke about it after sweeping the Brewers in the NLCS—but I’ll acknowledge a paradox about this lavish ball club, the first champ to go back to back in 25 years:

They’re kind of...likable?

Part of this is Ohtani, a legend in real time, who plays with joy and enthusiasm and is the exact opposite of the cold, detached superstar. Ohtani’s excitement for the game and his teammates—especially Yamamoto, whom he giddily bear-hugged in the celebration last night—does as much to lift the sport as his remarkable two-way talent. It’s a bummer it took so long to get his remarkable talent to a winning team, and of course it had to be the Dodgers, but: It worked.

I also want to give a shout to Roberts, the Dodger skipper and one of baseball’s most likable spokesmen. Hired in November 2015, Roberts is the second-longest tenured manager in the game (Tampa Bay’s Kevin Cash is first), and there used to be a ton of heat on him for playoff losses and not winning more with his luxury team. Now he’s delivered three titles and done the back-to-back thing that nobody since Joe Torre has done. Amid a zero-patience era in which it is fashionable to sack a winning coach who doesn’t win enough, Roberts’s success is a case for composure.

Roberts took a moment to thank the Dodger spouses for being the MVPs behind the scenes, called Yamamoto the “GOAT” in front of his buddy Ohtani, and declared baseball “the greatest game ever invented.”

That last point probably can be debated, too, but not today. Well done.

CHRIS YOUNG/ASSOCIATED PRESS



OPINION

Trump’s New World Order



GLOBAL VIEW  
By *Walter Russell Mead*

“On Venezuela in particular,” CBS News’s Norah O’Donnell asked President Trump on “60 Minutes” Sunday, “are Maduro’s days as president numbered?”

“I would say yeah. I think so, yeah,” he replied.

“And this issue of potential land strikes in Venezuela, is that true?”

“I don’t tell you that. . . . You know, you’re a wonderful reporter, you’re very talented, but I’m not gonna tell you what I’m gonna do with Venezuela, if I was gonna do it or if I wasn’t going to do it.”

If you think he’s an isolationist, you’re wrong. He aims to reshape the globe.

And that’s where matters stand. With a carrier strike group joining eight warships already in the region, a squadron of F-35s in Puerto Rico, and assorted elite military units in the area, the Trump administration has ramped up its standoff with Venezuela. Regime change is clearly the goal; the timetable and means are unspecified.

In normal times, a crisis of this magnitude would dominate world news, but in our era it struggles to stay on the front page. The Venezuela crisis escalated to the brink of

war the same week Mr. Trump’s lightning Asia tour concluded with a summit with Xi Jinping. While senators such as Kentucky’s Rand Paul denounced what they called illegal American strikes against alleged drug-running boats in the Caribbean and Eastern Pacific, lawyers on both sides were prepping oral arguments for the historic Supreme Court showdown over the legality of Mr. Trump’s tariffs, which have upended world trade. Russian troops ground out more gains in Ukraine even as the air war between Kyiv and its nuclear-armed neighbor raged. Scenes of horror unfolded in Darfur as Sudan descended deeper into civil war. The fragile cease-fire in Gaza hung by a thread.

Meanwhile, on Truth Social, Mr. Trump threatened to attack Nigeria if that country doesn’t do a better job of protecting Christians.

Not since Franklin D. Roosevelt has an American president been this powerful or this busy. In his hyperactive second term, Mr. Trump doesn’t merely walk and chew gum at the same time. He dances on tightropes while juggling chainsaws. This blizzard of activity keeps him at the center of the world stage, throws his opponents off balance, makes it relatively easy to drown out failures in the flood of events, distracts attention from any conflicts of interest, and provides enough successes (real or apparent) to burnish his image.



President Trump and Xi Jinping.

But while the storm Mr. Trump unleashes is chaotic, there is a certain logic to his path. He really does believe that the U.S. is in trouble. From his perspective, stupid Democratic and Republican policies since the end of the Cold War have left the country divided and exposed to dangers overseas. A poorly designed globalization strategy hollowed out the middle class, gutted the defense industrial base, and fueled China’s rise. Clueless elites alienated Americans in pursuit of nonsensical utopian goals. An incompetent American foreign-policy cadre failed to win wars, advance democracy or build peace.

That leaves Mr. Trump with a difficult task. On the one hand, decades of failure, foolishness and shortsighted elite greed have eroded the trust between Americans and the political and administrative mandarins. On the other, the immense efforts required to address the internal challenges and the external threats to the U.S. can be mobilized only on the basis of renewed trust between the national government and the public at large.

Setting the domestic agenda aside, to build that trust and public support for the global struggle, Mr. Trump needs to educate his base without directly challenging some of their core beliefs. Venezuela is a godsend from this point of view. As a leading source of both drugs and illegal migrants, it represents the kind of threat that the Trump base most worries about. And even most isolationists applaud strong American action in the Western Hemisphere.

But Venezuela is also part of the global contest. During World War II and the Cold War, America focused on foreign rivals’ efforts to challenge Washington’s power in the hemisphere. Today, Russia, China and Iran are all active in Venezuela and seek to use the country as a base to undermine America’s regional position.

And there’s more. Venezuela’s proven oil reserves are larger than Saudi Arabia’s. Flipping Venezuela from the Axis of Revisionists to Team America would have lasting consequences on the global balance of power—and would reduce the ability of countries like Russia and Iran to use energy as a weapon against the U.S.

Those who still think of Mr. Trump as a restrainer or isolationist should watch his “60 Minutes” interview. This president isn’t retreating from the world. He aims to reshape it.

Why Socialism Wins in New York



MAIN STREET  
By *William McGurn*

From the skyline to the stock exchange, New York has always embodied the creative power of capitalism. But Assemblyman Zohran Mamdani is running for mayor as a proud socialist. And he is winning.

Economically, the proposals he lists on [zohranfornyc.com](#) read as though they came from a “Saturday Night Live” skit. “Freeze the rent.” “City-owned grocery stores.” “Fast, fare free buses.” “No cost childcare.” And so on. Though I would like to see free cheeseburgers for the elderly.

Unfortunately, it’s working. If Mr. Mamdani wins Tuesday, his victory will be a rebuke to Democrats who argue that the party’s problem is that it is moving too left.

One response to the prospect of Mayor Mamdani is to point out the economic flaws with socialism and why it is doomed to fail. The critiques are all thoughtful and correct, but they don’t seem to be denting his popularity. Why? Sidney Hook knew the answer.

Hook (1902-89) was a philosopher at New York University who started out as a Marxist but later became a leading critic of communism. He alluded to that past in his

1987 autobiography, “Out of Step: An Unquiet Life in the 20th Century,” and he noted the paradigm that today may deliver a socialist mayor for America’s richest city.

“I was guilty,” he wrote, “of judging capitalism by its operations and socialism by its hopes and aspirations; capitalism by its works and socialism by its literature. To this day, this error and its disastrous consequences are observable in the judgment and behavior of some impassioned individuals, mostly young.”

Almost 40 years later, those words help explain why Mr. Mamdani’s campaign holds such appeal, especially among young people who have no experience with how socialism actually works.

It starts with happy talk about free things. But that means taking wealth from those who have earned it and giving it to those who haven’t, or forcing people to spend their money in ways they don’t want.

Mr. Mamdani is all happy talk. An NBC poll released this weekend on capitalism and socialism perfectly illustrates the dynamic. The cover photo features a jubilant Mr. Mamdani raising his hands at a rally with fellow socialists Sen. Bernie Sanders and Rep. Alexandria Ocasio-Cortez.

The nationwide poll finds that an increasing number of

registered voters have a negative view of capitalism, and the parties differ sharply. “Two-thirds of Republicans view capitalism positively, compared to 44% of independents and 25% of Democrats,” NBC found. “Just 12% of Republicans view capitalism negatively, compared to 28% of independents and 45% of Democrats.”

Sidney Hook figured it out in 1987: The argument is stacked against capitalism.

It would be more telling if NBC conducted a longitudinal study of New Yorkers—measuring their attitudes now and coming back in four years with this question: Mayor Mamdani promised to freeze your rent and make life affordable. How has that worked out for you?

The Hook paradigm means that no matter how much socialism fails in practice, socialists will blame greedy businessmen, never socialism itself. In the same way, socialists and people who don’t understand economics attribute the unaffordability of housing, medical care and education to market failure. Never does it occur to them that the culprit might be the perverse effects of government regulation.

Many problems in New York would be solved with a stiff dose of market capitalism. If Apple faced the same kind of government intervention the Big Apple has imposed on its housing market, those Mamdani voters would carry flip phones.

It’s also telling that in the political realm, the champions of socialism always are looking for new and mostly unknown candidates. That’s because the people who have put socialism into practice don’t have successful records to which they can point.

This isn’t good news for Republicans, whose nominee for mayor, Curtis Sliwa, trails not only Mr. Mamdani but independent Andrew Cuomo. But Democrats are in a no-win position.

On the one hand, in a tightening race if enough Sliwa voters decided they had to vote for the independent Mr. Cuomo to prevent Mr. Mamdani from winning, the Democratic Party would be repudiated at the polls. Likely that would mean a new civil war with the Democratic Socialists of America. On the other hand, if Mr. Mamdani does win, it will signal his successful hijacking of New York’s Democratic Party by the DSA.

Sounds about the way socialism works, with just about everyone except those at the top emerging worse off. Especially the voters.

*Write to [mcgurn@wsj.com](#).*

BOOKSHELF | By Jonathan Spyer

Revolution and Realignment

Transformed by the People

By Patrick Haenni and Jerome Drevon  
*Hurst, 320 pages, \$29.95*

In December 2024, the Islamist movement Hayat Tahrir al-Sham (Organization for the Liberation of the Levant) marched from its stronghold in Syria’s northwest province of Idlib, near the Turkish border, to the country’s capital of Damascus, some 200 miles to the south. This was a historic moment for Syria and the broader Middle East. It ended Syria’s civil war with a decisive, unexpected victory for the Sunni Islamist insurgency, which began in 2012. The arrival of HTS to the Syrian capital also brought a close to the 54-year incumbency of the Assad dynasty and the 62-year rule of the Ba’ath Party, from which the Assads emerged and in whose name they had conducted their brutal dominance of Syria.

HTS’s rise to power is the subject of “Transformed by the People,” by Patrick Haenni, a researcher specializing in the Middle East, and Jerome Drevon, a senior analyst at the International Crisis Group. The shift returns Syria to the ascendancy of its Sunni Arab majority. The Assads are from Syria’s Alawite community, which numbers around 12% of Syria’s population. The Sunni Arabs, from whom HTS come, form around 74%. From this point of view, Syria’s revolution might be seen as the righting of a long historic anomaly.

But HTS’s rule does not represent merely a changing of the sectarian guard. The organization and its leader, Ahmed al-Sharaa—now the president of Syria—emerged from the furthest reaches of Salafi-jihadi political Islam, the most fanatical strain of Sunni Islamism. HTS’s

seizing and, almost a year in, holding of power therefore raise questions that have significance beyond the immediate Syrian context. Where does HTS fit in the spectrum of Sunni political Islam, which ranges from the uncompromising extremism of Islamic State and al Qaeda global networks to the more flexible Muslim Brotherhood-derived movements and regimes? What is HTS rule likely to mean both for the people of Syria, including its non-Sunni components, and for Syria’s neighbors and the broader region?

These are the questions to which Messrs. Haenni and Drevon seek answers. Their book is the first such comprehensive study of HTS and is likely to presage much further research and examination. The authors are well-placed to conduct this investigation. They are among the few researchers who did not move on from Syria once it no longer commanded world headlines. Rather, they continued to conduct methodical, in-country research. They are also among the still smaller group who early on identified the importance of the enclave in Idlib province, which formed HTS’s area of control from 2017 to 2024. This book is the product of that persistence, yearslong project.

The authors trace the origin of HTS to the maelstrom of the early years of the Sunni insurgency in Syria. They detail the formation in 2012 of the al Qaeda franchise in Syria, Jabhat al Nusra, from which HTS eventually arose, as well as the early disputes between Mr. al-Sharaa (then known by his nom de guerre Abu Muhammad al Jolani) and the al Qaeda leadership in Iraq. Messrs. Haenni and Drevon describe how Nusra renounced its affiliation with Islamic State and how, under the seeming eclipse of the rebellion in 2016, Nusra ended its ties with the global al Qaeda network and corralled various Islamist insurgent groups under its banner, forming HTS in 2017. HTS then went on to consolidate its dominance in Idlib province and to crush efforts by al Qaeda loyalists to establish armed opposition to its rule.

From this point, the authors begin to put forth their primary thesis: as the ruling power in Idlib, HTS underwent a process of “hollowing out” and “diluting” its former Salafi worldview. According to the authors, “HTS’s trajectory has revolved around two principal axes: an ideological realignment toward the center, and a Thermidorian shift” away from the revolution.

The Islamist movement Hayat Tahrir al-Sham entered Damascus and toppled the Assad regime last year. What comes next for Syria?

The term “Thermidorian,” central in the book, points to that period in the French Revolution following the toppling of the radical Jacobins. Thermidor, as defined by Messrs. Haenni and Drevon, marked “the moment when the revolution confronted political reality” and was “forced to compromise on its initial ideas and promises.”

The book notes a new “conservative political stratum” in Idlib, unmoved by Salafi and jihadi ambitions. In this spirit, Messrs. Haenni and Drevon depict HTS’s growing cooperation with Turkey; its efforts to compromise with the desire of elements of the Idlib population for leisure and commercial activities; the decline of the use of insulting sectarian terms such as *nusayriyya* and *rawafid* (to refer to Alawites and Shiites, respectively); and the shifting of its attitudes toward the Christian and Druze communities. In the latter regard, the authors make the surprising assertion that “if we view secularization as the process of prioritizing political considerations over religious worldviews, then HTS was secularizing.”

The details of HTS governance in Idlib provided in “Transformed by the People” are fascinating and informative, drawing on the authors’ extensive fieldwork in the region. But how convincing is their larger claim that, as they put it, “deradicalization does not need moderates” and “intentions do not matter”?

Events subsequent to HTS’s assumption of power suggest that the authors’ depiction of the movement’s newfound moderation may need to be sharply revised. In under a year, HTS has presided over no fewer than three incidents of large-scale sectarian bloodletting, in which Sunni forces associated with its regime have carried out killings of Alawites and Druze. HTS has, as it consolidates its rule, rebadged notorious Sunni Islamist killers, such as Mohammed al-Jassem and Sayf Bulad, as divisional commanders in its new army. HTS’s leader has also ushered in a political system that enshrines his own near-dictatorial rule (the constitutional declaration of March 13) and the broader domination of the country’s Sunni Arab majority. Apparently, intentions—particularly of the sectarian and often murderous kind—may matter somewhat more in Syria than the authors allow.

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OPINION

REVIEW & OUTLOOK

The Tariff King and the Court

President Trump likes to call 19th-century President William McKinley the “Tariff King.” The Supreme Court on Wednesday will take up cases that will determine if Mr. Trump and every other President really has the power to act like a king (*Learning Resources, Inc. v. Trump, Trump v. V.O.S. Selections*).

It’s hard to overstate the importance of these cases for the U.S. constitutional order and economy. Article I vests Congress with authority over taxation and foreign commerce. This was a response to the British Crown’s taxation of the colonies without their consent.

For most of U.S. history, Congress alone determined tariff policy. But after the Smoot-Hawley tariff disaster of 1930, Congress delegated authority to the President to negotiate bilateral trade deals. It has since ceded more power now and then in statutes that stipulate specific and limited terms for imposing tariffs.

Enter Mr. Trump, who has waved away such limits. He claims the power to impose tariffs on any country at whatever rate he wants under the 1977 International Emergency Economic Powers Act (IEEPA). That law gives the President authority in a national emergency to “deal with any unusual and extraordinary threat,” including to “regulate” the “importation” of foreign property.

Mr. Trump this spring slapped tariffs on most countries around the world, declaring that the U.S. trade deficit and foreign fentanyl are national emergencies. He has since adjusted the tariff rates, often to punish or reward foreign governments. See his recent 10% border tax hike on Canada in retaliation for the government of Ontario’s TV ad quoting Ronald Reagan’s criticism of tariffs.

Such arbitrary taxation without representation is precisely what the Constitution’s Framers sought to prevent by vesting power over taxes and trade with Congress. Mr. Trump likes to say other countries pay his tariffs. But the tariff is paid by U.S. importers, which have to eat the cost or pass it along to customers.

As for the law, the U.S. has run a trade deficit for 50 years and deaths from fentanyl have been declining. How do these suddenly qualify as “national emergencies”? Even if the President deserves deference over what is an emergency, the Justices in *Loper Bright* (2024) stressed that courts needn’t defer to the executive’s statutory interpretation.

Start with IEEPA’s text. The Trump team says the power to “regulate . . . importation” encompasses tariffs. Federal laws also authorize agencies to “regulate” securities, pollutants and pharmaceuticals, among other things, but this doesn’t mean they can also tax them. By contrast, other laws give the President express authority to impose tariffs.

This includes tariffs on imports that threaten national security (Section 232), in response to “large and serious” balance-of-payments deficits (122), and discriminatory trade practices (301). Unlike these provisions, IEEPA isn’t part of a trade law.

As Justice Antonin Scalia wrote for the Court in 2001, Congress doesn’t typically “hide

elephants in mouseholes.” Presidents have used IEEPA to freeze assets of foreign governments and nationals, restrict U.S. companies from doing business with them, limit export of technologies and ban imports from adversaries. No President before Mr. Trump used the law for tariffs.

This “lack of historical precedent” is a “telling indication,” the Court has said, that a broad exercise of executive power is illegal. The Court’s major questions doctrine also requires express authorization from Congress for actions that are politically and economically significant. Mr. Trump’s tariffs certainly qualify.

The Justices have applied this doctrine when a President has sought to undertake a “fundamental revision of the statute, changing it from [one sort of] scheme of . . . regulation’ into an entirely different kind.” For instance, Joe Biden’s student loan forgiveness, Covid eviction moratorium and vaccine mandate. Mr. Trump’s tariffs are such a wholesale statutory rewrite.

The Trump team says Richard Nixon used IEEPA’s progenitor, the Trading with the Enemy Act, in 1971 to impose 10% across-the-board tariffs to address a balance of payments crisis after the collapse of the Bretton Woods monetary system. But this history argues against, not for, the President’s reading of the law.

After a trial court struck down the Nixon tariffs, Congress let the President address “large and serious” balance-of-payments deficits by imposing tariffs of up to 15% for up to 150 days—after which Congress must approve them. An appellate court later upheld the tariffs, but on the narrow grounds that they didn’t alter Congress’s nondiscriminatory trading scheme.

A couple of years later, Congress enacted IEEPA to cabin the President’s national-security powers. If IEEPA confers the broad tariff authority that the Trump team claims, Section 122 and other similar tariff delegations by Congress would be superfluous.

The Trump Administration tries to leapfrog all of these statutory obstacles by citing the President’s Article II foreign-policy authority. Few conservatives are more deferential to presidential overseas authority than we are. But the power of the purse still belongs to Congress and can’t simply be wished away with the words “foreign policy.” Tariffs are taxes on Americans.

If the Court blesses this unlimited presidential tariff power, future Presidents will be able to cite emergencies to justify tariffs to pursue all kinds of policy goals. An all-too-likely example is a climate emergency to tax imports of countries with high CO2 emissions.

Mr. Trump has warned of an economic catastrophe if the Court rules that his emergency tariffs are unconstitutional. We realize it’s no small matter for the Court to rule against a President on his signature priority. But the constitutional stakes take precedence here. The real calamity for the country and its constitutional system would be a decision that blesses Mr. Trump’s claim that every President can be the Tariff King.

then go to town on the precedent.

Recall what probably would have passed in the Biden years without the filibuster check.

- Bernie Sanders’s \$17-an-hour national minimum wage.
- All of the Biden Build Back Better plan, with its huge tax increases and cradle-to-grave entitlement programs.
- Sen. Sheldon Whitehouse’s bill to restructure the Supreme Court.
- Nancy Pelosi’s bill to nationalize election law in all 50 states on the California model.
- Statehood for Puerto Rico and the District of Columbia, with four new Democratic Senators.
- The PRO Act that would repeal much of Taft-Hartley on unionization and ban right-to-work laws for voluntary union membership that exist in 26 states.
- A national law codifying *Roe v. Wade* abortion standards.

But couldn’t Republicans reverse all of this when they return to power? Don’t be too sure. Look at the trouble Republicans are having even letting supercharged pandemic-era ObamaCare subsidies expire. Good luck waiting for the GOP to reform Social Security or Medicare before there’s a fiscal crisis.

The wiser strategy is retaining the filibuster to block entitlement expansions. ObamaCare passed in 2010 because Democrats had 60 Senate votes after a dubious recount gave Al Franken a victory in Minnesota.

The filibuster rule is often frustrating, but its virtue is that it serves as a check on passing extreme laws with narrow majorities. It also gives the minority party a voice when it controls neither house of Congress nor the White House. It forces compromise. It also reduces the chances of a ping-pong effect of passage, repeal, and passage again that leads to economic and legal uncertainty.

Most Republicans understand this. But some Senators, hoping to curry favor, may start to echo the President’s short-term opportunism. The Democratic left is quietly cheering them on.

Will the Justices stop Trump from usurping Congress’s power over taxes and tariffs?

Break the Senate’s 60-vote rule, and a vital check on the left is gone.

You knew it would happen. Frustrated by Congress, President Trump is demanding that Republican Senators break the 60-vote filibuster rule to pass legislation. As so often in this Presidency, Mr. Trump is going for short-term tactical gain while ignoring the long-term damage.

“Get rid of the Filibuster, and get rid of it, NOW!” Mr. Trump posted on his Truth Social platform last week. On Saturday he posted again that “Republicans, you will rue the day that you didn’t TERMINATE THE FILIBUSTER!!! BE TOUGH, BE SMART, AND WIN!!! This is much bigger than the Shutdown, this is the survival of our Country!”

It’s closer to the opposite. Republicans would be dumb and hurt the country by breaking the filibuster.

Republicans could end the government shutdown on a partisan vote, but then what? The GOP will have taken the fraught step of breaking the filibuster for appropriations. Democrats will pound the table in faux outrage, but they’ll privately be cheering at what they’ll be able to pass the next time they control Washington—perhaps as soon as 2029 when Mr. Trump is out of office.

Some GOP Senators think they can break the filibuster for legislation this once and restore it for everything else. That’s what Harry Reid, the Democratic leader at the time, thought when he broke the filibuster for appellate-court judicial nominees in 2013. Soon it was gone for Supreme Court nominees as well.

Break the filibuster for the shutdown, and it will soon be gone for all legislation too. The Senate will then operate like the House, where a simple majority rules.

Mr. Trump says Republicans should do it because Democrats will do it first if the GOP doesn’t. Maybe. But they didn’t under Joe Biden, try as some did. Joe Manchin and Kyrsten Sinema held the line. They’re no longer Senators, but others may step up in the future. Democrats on the left would love for Republicans to do their dirty filibuster work for them and

LETTERS TO THE EDITOR

Barr Slips on the Interstate Pollution Precedent

William P. Barr errs when he claims that “disputes involving pollution that crosses state or international borders are the exclusive domain of federal law” (“The Supreme Court Can Stop an Unconstitutional Carbon Tax,” op-ed, Oct. 29).

That isn’t the case. As the Supreme Court has held repeatedly since federal pollution-control statutes displaced federal common-law claims, such disputes may proceed unless they are expressly pre-empted by or otherwise in conflict with federal law. Thus in *International Paper Co. v. Ouellette* (1987), the court held that state-law-based claims against sources of interstate pollution are only pre-empted if

they would require the adoption of pollution controls that are “incompatible” with those imposed by federal law.

Mr. Barr also finds it scandalous that an attorney filing climate-change lawsuits acknowledges the basic economics of tort liability. But where’s the scandal? Critics of tort litigation have long decried the “tort tax,” the higher prices that firms pass on to their consumers when held liable for harm. If Congress finds that undesirable, there is no legal obstacle to enacting legislation that would prevent such suits.

PROF. JONATHAN H. ADLER  
William & Mary Law School  
Williamsburg, Va.

Shaky Support for the FDA’s Biologics Review

As you note in your editorial “The Spin Doctors at the FDA” (Oct. 28), the agency rejected Replimune’s RP1 immunotherapy for metastatic melanoma because the company didn’t run a sufficient investigation to prove “substantial evidence of effectiveness.” Yet the relevant underlying legislation, the Public Health Service Act, doesn’t require that. It provides in part that the “secretary shall approve a biologics application” if the applicant demonstrates that the product “is safe, pure, and potent.” “Potency” isn’t the same as “effectiveness.” It is a pharmacological term reflecting the amount of a product necessary to achieve a certain effect in petri dishes or animals.

According to an outstanding history of the subject by Terry S. Coleman, former acting general counsel of the Health and Human Services Department, when the original Biologics Act of 1902 was being consolidated in 1944 into the PHS Act, the House-passed version authorized the Public Health Service to set standards “to insure the continued safety, purity, potency and efficaciousness of such products.” The Senate, however, deleted the efficacious requirement.

Mr. Coleman also notes that the Office of the General Counsel at HHS addressed this question in 1958, when it concluded that “it was clear that the authority to adopt standards as to ‘potency’ did not include authority to adopt standards as to ‘efficacy.’” It maintained the conclusion that “the PHS Act does not require a licensed biologic to be therapeutically effective.” This was affirmed in 1962, when Congress amended the Food, Drug, and Cosmetic Act to require proof of effectiveness for drugs but not for biologics, despite some lawmakers seeking that extension.

It wasn’t until 1973, following the transfer of biologic regulation from the Public Health Service to the FDA, that the agency issued a set of regulations requiring proof of effectiveness. But those regulations and their descendants lack a statutory basis. The demise of *Chevron* deference, coupled with the failed legislative attempts to insert an effectiveness requirement into the Biologics Act, would likely undermine the viability of such a requirement.

ROBERT P. CHARROW  
Chevy Chase, Md.  
Mr. Charrow served as general counsel of the U.S. Department of Health and Human Services, 2018-21.

Keep a Diary. Your Grandkids Will Thank You

Mary Julia Koch’s op-ed “My Journal Preserved My Dad’s Last Days” (Oct. 23) is a lovely reminder that note-taking can be a gift to self. I also recommend writing for others, especially those who come after us.

My now 1,500-page digital journal, organized by subject, is written to entertain. Sections describe me in detail; my relatives now gone, and their adventures; the many joyful and sad events in my life; unique good and bad people I knew or knew of; historical events I lived through and more. Today’s home copying technology allows me to add photos and interesting hand-written old correspondence to the file. I also put a copy onto thumbdrives for each of my four children, for their children and their kids to read someday. It’s a first draft of history, a present I wish my ancestors had given to me.

RON BURDA  
Gilbert, Ariz.

Bless you, Ms. Koch, your poignant reflections on the value of diaries, journals and written memories. My grandfather, Earl Reed Silvers, loved to write. He and my father, Earl Reed Silvers Jr., corresponded by type-

A Pain No Parent Anticipates

Erica Stern’s essay “Giving Birth to My First Child Was Traumatic. I Wanted a Redo” (Review, Oct. 25) resonated with me. Our second child is in the neonatal intensive care unit. We and many others can relate to this type of trauma and the questions surrounding an infant’s well-being. While I’m happy Ms. Stern brought her firstborn home, many families aren’t as lucky.

Our first child was stillborn 10 days before her due date in March 2024. Taking home only footprints, a lock of hair and ashes is something no parent should endure. I have replayed, countless times, the moments of her birth: the beeping of the operating room, the orders of the obstetrician and the crippling silence after delivery. As with Ms. Stern’s story, the emotions of a second pregnancy were complex and included great anxiety. We’re grateful for our second child but still unsure of when we can welcome her into our home.

There are many mothers who go to the hospital to deliver a child they love and yearned for but won’t take home. My hope is these topics can be discussed more openly so families can receive the support they need to continue a dignified life after experiencing such loss.

ZACH STERN  
Brooklyn, N.Y.

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writer during the 1930s and daily throughout World War II. When he was home safely in peacetime, my father wrote his parents every week. When my brothers and I were all in college he typed weekly letters to us from the 1970s until his death in 2001. I followed suit and have been writing weekly or monthly letters to our two children. Some special events, but mostly normal living.

I have *all* of them—years of love, loss, joy, and triumph at my fingers. There is no greater treasure than to read and relive them with gratitude.

MARGARET MYATT  
Kennebunkport, Maine

Nonprofit Lawfare Backfires

Scott Walter recommends forbearance in his op-ed “Investigate Leftist Nonprofits—Carefully” (Oct. 23). Yet he adds that “if the Open Society Foundations’ claims of innocence are true, they have nothing to fear” from a criminal investigation. That’s naive. Harvey Silvergate wrote a book explaining that a prosecutor can make a case that the typical professional commits “Three Felonies a Day.”

Hiring criminal lawyers is costly, and paying counsel for assistance with an investigation or a legal defense at trial can cost a fortune. Even if the innocent are exonerated, the process is the punishment. Urging criminal scrutiny of organizations based on their viewpoints and associations can therefore create a severe chilling effect on First Amendment-protected activities.

Today’s investigation of “leftist nonprofits” can easily lead to an investigation of Mr. Walter’s organization when the political winds shift again. Shrugging off such concerns with the notion that the innocent have nothing to fear misses how such actions can harm our freedoms.

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Washington

Pepper ... And Salt

THE WALL STREET JOURNAL



“You seem not to appreciate the benefits of lying fallow.”



OPINION

# The Microchip Era Is About to End

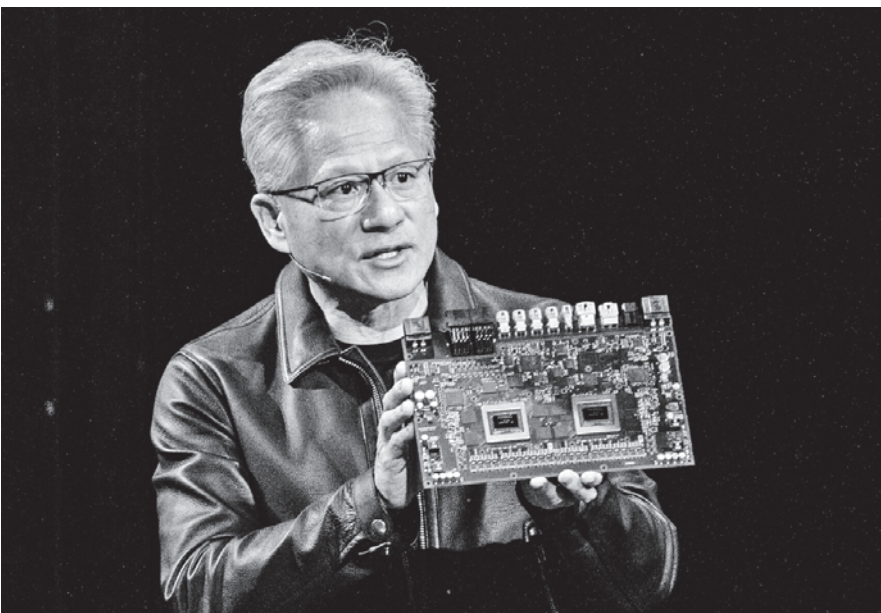
By George Gilder

We are in the microchip era, which promises an industrial revolution that will bring artificial intelligence to almost all human activity. The exemplar of this era is Nvidia Corp. Its market capitalization of around \$5 trillion makes it the world's most valuable company. Jensen Huang, Nvidia's founder and CEO, dazzled the audience at the company's AI conference in Washington last week. In his keynote address, Mr. Huang detailed the advances Nvidia's chips have wrought. He thanked President Trump for bringing chip fabrication back to the U.S. from Asia with energy policies that enable domestic AI microchip production.

The future is in wafers. Data centers will be the size of a box, not vast energy-hogging structures.

Nvidia's latest chips are mostly encased in plastic packages and resemble an ant or a beetle with copper wires for legs. Each chip holds as many as 208 billion transistor switches and costs about \$30,000. In a revolutionary breakthrough, these data-center chips no longer act independently like the central processing unit in your laptop. Instead, enmeshed by the thousands and even the millions in data centers, they function as a single "hyperscale" computer, with their collective thinking designated AI. The world's supreme data center is Colossus 2 in Memphis, Tenn., engine of Elon Musk's xAI. As the source for Grok and self-driving cars, Colossus 2 integrates an estimated one million Nvidia chips in one vast computer. The "chip" has so captivated the

minds of our time that even makers of new devices call its potential successor a "giant chip" or "superchip." But the new device is in fact the opposite of a microchip, lacking separate processing units or memories in plastic packages with wire "legs." The U.S. government considers chips vital and strategic. The 2022 Chips Act authorized more than \$200 billion to support chip fabrication in the U.S. and keep it away from China. Microchips shape U.S. foreign policy from the Netherlands, home of ASML, the No. 1 maker of chip-fabrication tools, to Taiwan and its prodigious Taiwan Semiconductor Manufacturing Co. TSMC commands a market share of more than 95% of the leading-edge chips that enable cellphones and other advanced equipment. By cutting off the Chinese chip market, which contains the majority of semiconductor engineers, U.S. industrial policies have hampered American producers of wafer-fabrication equipment—essential for making chips—without slowing China's ascent. In the wake of these protectionist policies, launched around 2020, Chinese semiconductor capital equipment production has risen by 30% to 40% annually, compared with annual growth of about 10% in the U.S. This change echoes the effect of the U.S. ban in May 2019 and after of telecom gear made by Chinese powerhouse Huawei. The ban lowered U.S. company sales to Huawei by \$33 billion between 2021 and 2024 while Huawei's global market share expanded. Industrial policies and protectionism nearly always favor incumbent industries facing obsolescence. In this respect, the Chips Act and related bans and tariffs are no different from subsidies for ethanol in gasoline or sugar beets in Louisiana



Jensen Huang in Washington, Oct. 28.

or now subsidies for rare-earth mining at a time when rare earths can be profitably harvested from electronic waste using new technology developed at Rice University. All the efforts to save microchip production in the U.S. come amid undeniable portents of the end of microchips. The signs are clear in the exquisite physics of the crucial machine that defines and limits the size and density of chips. Some of us call it the "Extreme Machine." The latest version, made by ASML, performs high numerical aperture extreme ultraviolet lithography. If you aren't Chinese, you can buy an Extreme Machine for about \$380 million. Roughly 44 have been sold so far. It comes in about 250 crates and takes hundreds of specialized engineers about six months to install. IBM's research director, Dario Gil, calls it "the world's most complicated machine." The Extreme Machine is a kind of camera. It projects patterns of light on what might be called the "films" or "photoresists" on the surface of

12-inch silicon wafers through a quartz-and-chrome photo mask bearing the chip design. Governing everything that happens in the Extreme Machine is a convergence of physical laws and engineering constraints summed up as the reticle limit. The reticle defines the size of chips, and chip size in turn defines the granularity of AI computation. Thus the reticle limit determines how many graphics processing units—mostly from Nvidia—must be linked to perform some AI task. Beyond a certain point—roughly 800 square millimeters, or 1.25 square inches—the laws of light and light speed prohibit larger designs. You can see the effects of the reticle limit in the ever-mounting complexity of Nvidia-defined vast hyperscale data centers. The result—smaller, denser chips and "chiplets," each with its own elaborate packaging—is a greater need for ultimate reintegration of the processes for coherent outcomes. The calculation first has to be dispersed among

many chips, then recompiled. The effect is more communications overhead between chips requiring ever more complex packages, ever more wires and fiber-optic links. The result of the inexorable reticle limit is the end of chips. What's next? A wafer-scale integration model, which bypasses chips altogether. Mr. Musk pioneered this concept at Tesla with his now-disbanded Dojo computer project; the effort has been recreated as DensityAI. Cerebras of Palo Alto, Calif., used the concept in its WSE-3 wafer-scale engine. The WSE-3 boasts some four trillion transistors—14 times as many as Nvidia's Blackwell chip—with 7,000 times the memory bandwidth. Cerebras inscribed the memory directly on to the wafer rather than relegating it to distant chips and chiplets in high-bandwidth memory mazes. The company stacked up its wafer-scale engines 16-fold, thereby reducing a data center to a small box with 64 trillion transistors. Also working on a full wafer-scale future is David Lam, founder of Lam Research Corp., the world's third-largest wafer-fabrication equipment company. In 2010, Mr. Lam founded Multibeam Corp., which created a machine that performs multi-column e-beam lithography. The technology allows manufacturers to bypass the reticle limit. Multibeam has already demonstrated the capability to inscribe 8-inch wafers. Look Ma, no chips! No China! (Or even Taiwan.) No elaborate packaging in the Philippines or Shenzhen. The post-microchip era, with data centers in a box of wafer scale processors, is coming. America, not China, should lead the way.

Mr. Gilder is author of "Life After Capitalism: The Information Theory of Economics."

## Mamdani Is a Gift, Which Trump Should Unwrap Carefully



FREE  
EXPRESSION  
By Gerard Baker

Hillary Clinton, Kamala Harris, Late-onset Joe Biden. Some- one up there has been looking out for Donald Trump for a long time. Even his most ardent admirers must acknowledge that his political fortunes have benefited disproportionately from a large amount of Democratic Party largess in the selection of his principal opponents. You can add Alvin Bragg, Fani Willis, Letitia James, most of the Harvard faculty and the editorial board of the New York Times. In the court of public opinion, it's the Washington Generals vs. the Harlem Globetrotters every time. On Tuesday, unless the opinion polls are more wrong than they've ever been, Mr. Trump will be presented with the latest offering from his political opponents: the smiling new face of the Democratic Party, Zohran Mamdani, as mayor-elect of the largest city in the U.S.

On paper, he is the kind of Democrat that might have been invented in a laboratory of perverted social science by a MAGA Dr. Frankenstein: a socialist, an immigrant, a Muslim, son of a movie director and a professor of postcolonialism, holder of a degree in "Africana studies," a 34-year-old whose experience runs the gamut from co-founder of the Bowdoin College chapter of Students for Justice in Palestine to membership of the New York state Assembly for the last five years, with stints as a rap producer and tenant organizer. Have I missed anything? Well, his employment experience does include a gig as "third assistant director" on the 2016 Disney movie "Queen of Katwe," whose director, Mira Nair, is Zohran's mom. In case those credentials weren't enough, he has enhanced his status as tribune of lost causes, saying at various times that he wanted to "defund the police," "globalize the intifada," open city-run grocery stores and reinvent an America in which there were no billionaires. He is a self-described child of privilege and a socialist who would arrest the Israeli prime minister if he visited

the city with the world's largest Jewish population. Mr. Mamdani would present an enticing target to a political opponent of laconic self-discipline and charitable forbearance. His likely elevation from municipal leader to the most prominent Democrat in America is an especially self-lacerating act by the mainstream opposition

You couldn't design a better far-left foil. But his voters' frustrations are real and serious.

party because on the same night that no more than two million New York City voters will vote, perhaps three times as many will do so in New Jersey and Virginia. If the polls are correct, both states will elect Democratic governors who can claim plausible mainstream credentials and a political philosophy to the right of Che Guevara. I doubt you'll hear much from the White House of Mikie Sherrill and Abigail

Spanberger in the next year or two. How far the Trump-Mamdani fight will go is hard to say. But the president will clearly feel he has an opportunity to mess productively with the man in Gracie Mansion on issues like immigration, crime and the city's parlous finances. Such are the terms of trade of our current national political contest. But—and this, dear reader, is where your columnist takes an unexpected turn—Republicans should be wary of the distinction between the posturing politics of a social-media-savvy ideologue and the concerns of the voters who elected him. That Mr. Mamdani can be accurately portrayed as a culture warrior of impeccable and deplorable standing is not in question. But if he wins on Tuesday it won't be because of that. It will be because he did a better job of speaking to voters' concerns about their living standards in a city in which what were once basic aspirations like a well-paying job and a decent home to live in have become unrealizable fantasies for many. Polling shows that for his voters, high prices, especially for housing and healthcare,

are the main issues on their minds. Young voters especially may identify with Mr. Mamdani's culture-war politics, but economics is a more pressing priority for them. If you want to live in New York these days and you don't have wealthy parents or work for an investment bank, hedge fund, tech company or law firm, you can dream on. We can laugh at some of his prescriptions. Freezing rents would only aggravate the housing-supply problem, and raising taxes to pay for "free" child care and buses will drive out more of those who can afford to live here. New York is the ultimate singular political geography. We can never draw too much of a wider inference from the strange social and cultural ecology of the place. But while the sense of alienation and frustration at the steady vanishing of opportunity may be more intense here, it is felt elsewhere too. Mr. Mamdani's radicalism won't restore the good times. His ideology is one more fantasy. But the national political opportunity for someone—Democrat, Republican or independent—is real.

## Taking Hostages Turned Out to Be Hamas's Undoing

By Ophir Falk

After slaughtering some 1,200 people on Oct. 7, 2023, Hamas dragged 251 hostages into Gaza. The terrorists apparently believed that the taking of hostages and accompanying psychological warfare would force Israel to capitulate and end the war, leaving Hamas victorious. Instead, the hostage crisis sealed Hamas's fate. For two decades following the folly of Israel's ill-advised 2005 unilateral withdrawal from the Gaza Strip, Hamas perfected a cynical script: Launch rockets at Israeli civilians, provoke retaliation, use Gazan civilians as human shields, and wait for international pressure to force a cease-fire before Israel can

achieve its military objectives. This pattern recurred in 2008's Operation Cast Lead, 2012's Operation Pillar of Defense and 2014's Operation Protective Edge. Each time, initial global outrage against Hamas gave way to demands that Israel halt its operations. Each time, Hamas survived to fight again, emerging stronger and stronger. Oct. 7 shattered this cycle. The hostage-taking transformed the moral landscape in ways Hamas failed to anticipate. While hostages remained in Gaza, it was no longer reasonable for international leaders to demand that Israel stop military operations. How could the world ask a nation to abandon its citizens to captivity while letting Hamas militants—the hostage-takers and

torturers—continue to hold hostages and terrorize Israel? True, a politicized battery of United Nations organizations engineered a massive disinformation campaign, demonizing Israel as it waged a just war by just means. And true, weak leaders in the U.K., France, Australia and Canada succumbed to local and international propaganda, demanding that Israel stop defending itself and rewarding Palestinian terrorism by recognizing a Palestinian state. That appeasement prevented an earlier hostage release deal and prolonged the war. It also exposed those leaders' moral weakness, and it ultimately failed. Instead, President Trump's 20-point peace plan prevailed. It demanded the immediate release of the hostages and the dismantlement of Hamas—which will either be dismantled diplomatically or destroyed militarily.

Prime Minister Benjamin Netanyahu accepted Mr. Trump's plan, and many world leaders endorsed or welcomed it. Moral clarity, backed by soldiers' bravery, overcame moral bankruptcy. Mr. Netanyahu was right when he said in a July 2024 speech before the U.S. Congress that "the war in Gaza could end tomorrow if Hamas surrenders, disarms and returns all the hostages." It took 15 months for many to realize that this was true. In the same speech, the prime minister warned that if Hamas didn't lay down its arms and return the hostages, "Israel

will fight until we destroy Hamas's military capabilities and its rule in Gaza." Hamas's refusal to take these actions exposed fatal contradictions in the group's propaganda. Why not release the hostages and lay down arms to stop the war? The cognitive dissonance was difficult to explain.

While the terror group was torturing Israeli civilians, its defenders in the West simply looked ridiculous.

During Chancellor Friedrich Merz's state visit to Turkey last week, President Recep Tayyip Erdogan criticized Germany for supporting Israel. Mr. Merz unapologetically replied that his government has stood by Israel since the Oct. 7 atrocities. "Israel exercised its right to self-defense," he said, "and it would have taken only one decision to avoid the countless unnecessary casualties: Hamas should have released the hostages earlier and laid down its arms." The hostage-taking prevented the conflict from dissolving into the traditional false narratives about "occupation," "resistance" and "apartheid." Despite strenuous efforts to turn reality on its head, including through bogus international lawfare, many saw the truth—innocent people being held hostage by a genocidal terrorist or-

ganization committed to murdering Jews. Even Israel's harshest critics struggled to argue that a nation should abandon its captive citizens. The hostage-taking provided what decades of legitimate Israeli grievances couldn't: a broadly recognized imperative that eventually overcame the propaganda. The Palestinians' greatest weapon—the ability to manipulate international sympathy—turned against them. Senior Hamas terrorist Mousa Abu Marzouk recently admitted that freeing the hostages would "remove Israel's justification to continue the war." In a recent interview to "60 Minutes," U.S. special envoy Steve Witkoff said that the aim in negotiations was to show Hamas that the hostages were no longer assets to them but a liability. By shattering the cycle that had shielded Hamas for two decades, the hostage-taking ironically gave Israel the time and space it needed to degrade the terrorist organization drastically and strike a deal that dictates Hamas's dismantlement. The job isn't finished, but Israel stands stronger than ever, having risen from one of its darkest hours to one of its brightest. The lesson for genocidal organizations should be clear: Hostage-taking can backfire, leading to terrorists' destruction. Mr. Falk is the foreign policy adviser to Prime Minister Benjamin Netanyahu and was a member of Israel's hostage negotiation delegation.

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## OpenAI, Amazon Sign Cloud Deal

Artificial intelligence firm to pay AWS \$38 billion for computing power

By BERBER JIN

OpenAI has agreed to pay Amazon.com \$38 billion for computing power in a multi-year deal that marks the first partnership between the startup and the cloud com-

pany. The deal, unveiled Monday, will help satisfy OpenAI's fast-growing computing needs. Amazon expects that all of the computing capacity negotiated as part of the agreement will be available to OpenAI by the end of next year, giving the ChatGPT maker quick access to powerful Nvidia chips housed inside its data centers.

Amazon is under pressure from investors to accelerate the growth of its Amazon Web

Services cloud business. AWS is the industry's largest cloud provider, but rivals such as Microsoft and Alphabet's Google have reported faster cloud-revenue growth in recent years after capturing new demand from artificial-intelligence customers.

Amazon shares rose 4% to \$254 on Monday.

As part of the new seven-year pact, OpenAI will be able to train new AI models using Amazon's data centers and

use them to process ChatGPT queries. It could also use Amazon's central-processing units, or CPUs, to power what is called agentic AI, where the technology completes tasks autonomously.

The deal is tiny compared with those OpenAI has signed with other cloud leaders, which include a \$300 billion deal with Oracle and a \$250 billion commitment to Microsoft. But it represents a crucial first step in Amazon's ef-

fort to ensure that its cloud business can benefit from a company that is pledging to spend trillions of dollars on computing power in the coming years.

Amazon outlined aggressive plans to expand its data-center capacity when reporting earnings last week. The company said revenue from its cloud business rose 20% in the latest quarter, the fastest rate of growth since 2022.

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## Pfizer Sues Over Rival's Play for Metsera

By JOSEPH DE AVILA

Drugmaker Pfizer has filed a second lawsuit against Metsera and Novo Nordisk, alleging the weight-loss drug developers' recent merger agreement would violate federal antitrust laws.

Pfizer alleges that Ozempic maker Novo Nordisk's proposed acquisition of Metsera would solidify Novo Nordisk's market position as a leader in the field of obesity drugs by killing off a smaller competitor, according to the lawsuit filed Monday in the U.S. District Court in Delaware.

Pfizer reached a deal with Metsera in September to pay up to \$7.3 billion for the small biotech company, which would assist in Pfizer's efforts to develop anti-obesity drugs after previous setbacks. Novo Nordisk on Thursday proposed to buy Metsera for up to \$9 billion.

Metsera deemed Novo Nordisk's bid a superior offer and said Pfizer would have four business days to negotiate a better deal.

Pfizer is taking this action to "to stop Novo Nordisk from illegally paying off Metsera and its controlling stockholders to gain control of, and impair and potentially kill, an emerging U.S. competitor," the company said in a statement Monday.

"Pfizer is trying to litigate its way to buying Metsera for a lower price than Novo Nordisk," Metsera said in a statement. "Pfizer's litigation arguments are nonsense, and Metsera will address them in court."

Novo Nordisk said Pfizer's claims were baseless.

"Pfizer has taken the highly unusual and seemingly desperate approach in filing its antitrust lawsuit today," Novo Nordisk said Monday.

Pfizer previously sued Metsera in 2023. Please turn to page B2

## Wall Street Intensifies Lookout For Fraud

By SAM GOLDFARB

A spate of alleged frauds by corporate borrowers is spurring a reckoning across Wall Street, sending bankers and investors scrambling to prevent future blowups.

Lenders are already increasing due diligence and demanding a longer history of financial data from companies. Some are inserting conditions that permit them to do more frequent checkups before agreeing to make loans. A group of the biggest names in banking, investment management and accounting have formed a task force that will take a deeper look at the nature of the problem and how to protect investors.

The frauds that have emerged so far, which involve small to medium-size companies in sectors like autos and telecommunications, haven't sparked widespread trouble in the market or economy. But they have had fallout for both regional banks and Wall Street giants like JPMorgan Chase and BlackRock, and the revelations have made it harder to dismiss any one case as an isolated event.

"This is sending real ripples in the credit markets," said Colin Adams, partner at

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## World Series Finale Drew 25 Million



The audience for the Los Angeles Dodgers' victory in Game 7 was the biggest for a World Series game in nearly a decade.

By ISABELLA SIMONETTI

More than 25 million viewers tuned in to watch the Los Angeles Dodgers defeat the Toronto Blue Jays, the biggest audience for a World Series game in nearly a decade.

The game averaged 25.45 million viewers on Fox, the network said, citing Nielsen and Adobe Analytics data. Toronto, the home market of the Blue Jays, isn't rated by Nielsen, so viewership there isn't reflected in its data.

The Dodgers won the World Series for the second year in a

row, in the decisive, 11-inning game that lasted more than four hours.

The data shows that the Blue Jays-Dodgers matchup was the most-watched World Series game since 2017, when the Houston Astros beat the Dodgers in Game 7. That game attracted more than 28 million viewers, Fox said.

10%

The audience was up this much from Game 7 of the 2019 World Series

The ratings for this year's Game 7 were also up about 10% from the 2019 World Series Game 7 between the Astros and the Washington Nationals.

Fox averaged more than two million viewers during the 2025 regular season, a 9% increase from 2024. Fox Corp. and The Wall Street Journal parent News Corp share com-

mon ownership.

This year has been a critical one for the league's media rights agreements. In February, Major League Baseball and ESPN said that they planned to end their deal after the 2025 season in a dramatic conclusion to a more-than-three-decade-long relationship. Then, both parties made it back to the negotiating table.

The league is in advanced talks with Comcast's NBCUniversal, ESPN and Netflix for new media rights deals, the Journal previously reported.

## Starbucks to Sell Stake in China Unit

By HEATHER HADDON

Starbucks is selling a majority stake in its China business to Boyu Capital, a deal that brings an outside partner to oversee its second-largest market.

The coffee giant said Monday that Boyu will hold up to a 60% stake in its retail operations in China, while Starbucks will retain 40% and continue to own and license its brand and intellectual property.

Starbucks said its deal would value Boyu's stake in the operation at \$4 billion. The company pegged the total value of the

business at more than \$13 billion, including an upfront investment by Boyu, Starbucks's retained stake, and licensing payments due over the next decade or more.

The company had 8,011 stores in China as of Sept. 28. It said it aims to expand its China business to up to 20,000 locations over time with its Boyu partnership. Starbucks said it expected to finalize the joint venture next year.

The Seattle chain was an early entrant to China's burgeoning consumer market, opening its first cafe in the



Starbucks will retain 40% and own and license its brand.

country in 1999. Howard Schultz, Starbucks's longtime leader, oversaw the chain's expansion from China's biggest cities into smaller municipalities, adding hundreds of new loca-

tions a year. Schultz personally cultivated relationships in the country, which executives predicted would one day become Starbucks's biggest market.

Covid-19 dealt a blow to Star-

bucks's China operations, driving sales lower and directing Chinese consumers to seek cheaper options. And Starbucks's success brought on homegrown rivals, including Luckin Coffee, which raced to open locations centered on mobile ordering and has since surpassed Starbucks to become the country's biggest coffee chain by both sales and units.

Some investors have long wanted Starbucks to sell off its China business as operating in the country has become more challenging. Chief Executive Brian Niccol said he would consider alternatives for its China business after joining the chain last year, but that the company would maintain a meaningful stake.

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Palantir turns to high schools in its search for new talent at the company. B5



Swedish billionaire Torbjörn Törnqvist is known for moving fast and decisively to beat out competitors, as with Lukoil.

## Tycoon Pounced on Russia's Overseas Oil Empire

Torbjörn Törnqvist has just struck one of the deals of his lifetime, pouncing on the overseas operations of Lukoil soon after the Russian oil producer was hit with U.S. sanctions.

By Joe Wallace, Rebecca Feng and Georgi Kantchev

If Washington and London approve it, the acquisition will solve a major headache for Russia—and in the process, vastly expand the scope of the 71-year-old commodity trader's energy empire.

Gunvor, the formidable Swiss trading business he founded with an associate of Vladimir Putin, will swell to absorb gas stations from the Bronx to Sicily, refineries dotted across Europe and oil fields in the Middle East and Central Asia.

The rapid-fire deal announcement came just three days after Lukoil said it was selling the assets—a signature move for Törnqvist, who has a record of moving fast and decisively to beat out competitors, said people who have worked or dealt with the billionaire.

The accord risks reigniting scrutiny of Törnqvist's history in post-Soviet Russia. At the same time, it shows how President Trump's economic assault on Russia has set off a reordering of the opaque oil-trading industry—where billions of dollars of crude flow daily, supplying the global economy and enriching middlemen like Törnqvist.

Neither Lukoil nor Gunvor disclosed a price or said how the deal will be structured. A former colleague who worked on another major acquisition in

2012 said even Törnqvist may not have all the answers yet. "If he sees a deal and thinks it is a good deal, he will do it," the person said.

People following the sales process suggested it could value Lukoil's international arm at roughly \$20 billion. Bankers said they want to know what Geneva-based Gunvor is paying, how the deal will be funded and whether Törnqvist gave Lukoil any assurances it can buy the business back when the Ukraine war ends.

"Torbjörn has made no such assurances to anyone. No such buy-back clause exists," Gunvor

spokesman Seth Pietras said. He added the company has sought permission from U.S. and U.K. sanction authorities to do the deal.

Lukoil's terse announcement sent shock waves through the close-knit energy-trading world. Rival executives were still running the rule over Lukoil's assets, said people familiar with the sale. Some had yet to figure out how to negotiate with a company under both U.K. and U.S. sanctions.

Gunvor could move fast partly because it was already speaking to Lukoil about buy-

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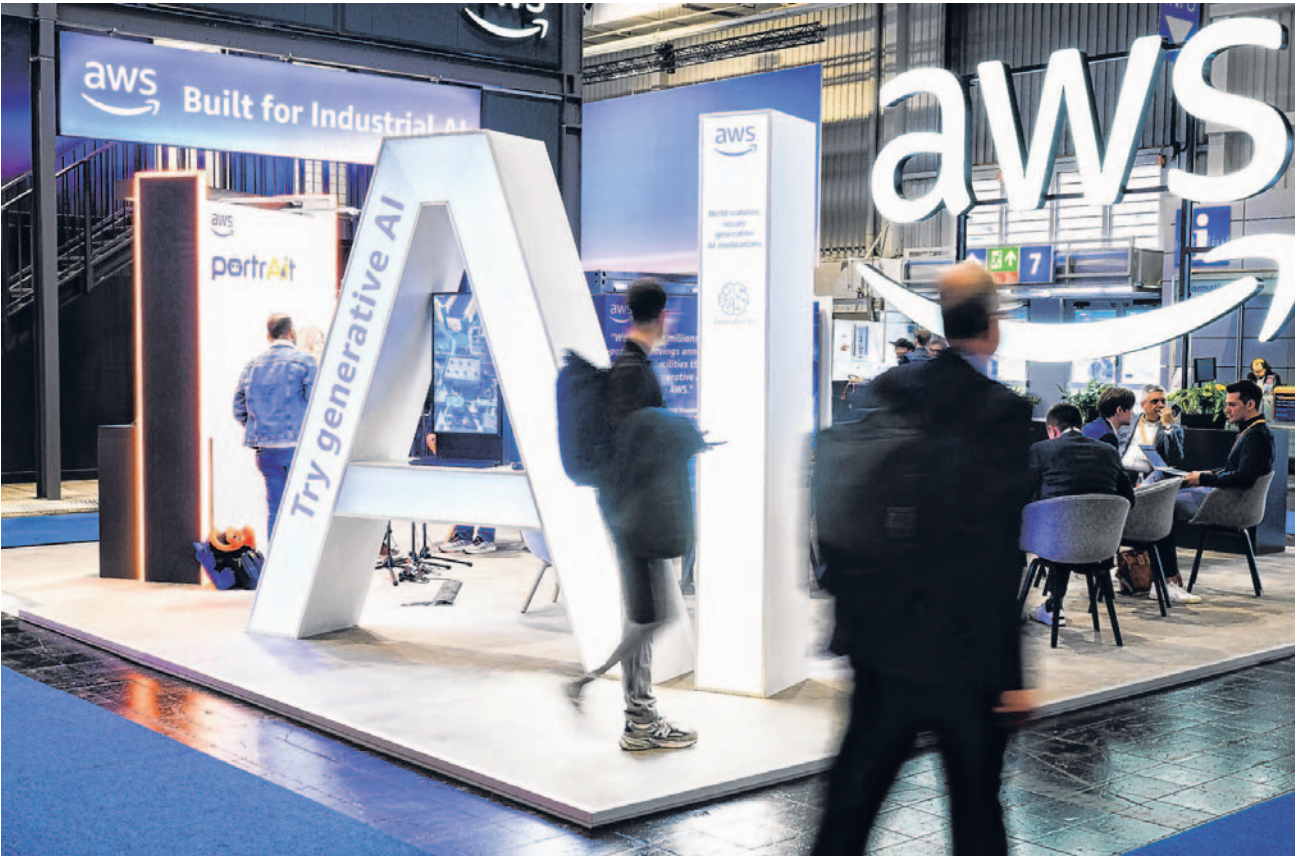
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JULIAN STRATENSCHUTE/DPMA/ZUMA PRESS

Amazon is under pressure from investors to accelerate the growth of its Amazon Web Services cloud business.

OpenAI, Amazon in Cloud Deal

Continued from page B1

Among Amazon's larger projects is an \$11 billion data-center campus in Indiana that it recently opened for OpenAI rival **Anthropic**. Amazon is Anthropic's main cloud provider, and it expects the

startup to become a core AI customer for years to come, having invested \$8 billion in the company. Anthropic is also a large customer of Amazon's AI chip, called Trainium. But Anthropic agreed to use as many as one million of Google's TPU AI chips as part of a multibillion-dollar deal announced last month. That has raised questions from industry analysts about whether the startup was shifting some new workloads away from Amazon. Amazon wasn't able to sell

its cloud services to OpenAI for years because the startup had an exclusive cloud-computing partnership with Microsoft. OpenAI ended that arrangement last month as part of a renegotiation of its contract with Microsoft and has been on a dealmaking spree to meet its vast computing needs. OpenAI now has almost \$600 billion in new cloud commitments among Oracle, Microsoft and Amazon. It also signed a cloud deal with Google earlier this year,

the size of which wasn't disclosed. OpenAI is set to generate \$13 billion in revenue this year, meaning that it will have to continue expanding sales at an exponential rate to pay for its computing needs. Chief Executive Sam Altman has said that OpenAI is facing severe computing shortages and that revenue will grow even faster as more capacity becomes available. **News Corp.**, owner of The Wall Street Journal, has a content-licensing partnership with OpenAI.

Clorox's Earnings, Sales Drop

By DEAN SEAL

**Clorox's** shift to a new enterprise resource planning system made an expected dent in its quarterly sales and profit, but the company still beat Wall Street forecasts. The cleaning-products company said Monday that sales in the fiscal first quarter, which ended Sept. 30, fell 19% to \$1.43 billion. That was still ahead of analyst projections for \$1.39 billion, according to FactSet. Clorox shipped about two

weeks of extra inventory in the prior fiscal quarter as it prepared for a major system change to its enterprise resource planning in the U.S. The changeover is expected to improve execution and productivity, Chief Executive Linda Rendle said. Retailers built up stock in anticipation of the system change and then drew down on those inventories during the latest quarter, which in turn dragged down shipments, Clorox said.

Organic revenue was down 17% from the drop in sales volumes. Sales overseas slid just 2%, while the company's household, lifestyle and health and wellness segments in the U.S. saw bigger declines. The Oakland, Calif., company posted a profit of \$80 million, or 65 cents a share, compared with \$99 million, or 80 cents a share, in the same quarter a year earlier. Clorox maintained its guidance for sales to be down 6% to 10% in fiscal 2026.



BRANDON BELL/GETTY IMAGES

Clorox maintained its guidance for sales to be down 6% to 10% in fiscal 2026.



Wegovy maker Novo Nordisk offered \$9 billion for Metsera.

Pfizer Sues Over Play For Metsera

*Continued from page B1* Novo Nordisk and Metsera on Friday, seeking to block Metsera from terminating its merger deal with Pfizer after Novo Nordisk made an unsolicited takeover bid. In its first lawsuit, Pfizer

alleged that Novo Nordisk's proposal to buy Metsera, which involves a complicated two-step process, is intended to circumvent antitrust review. Novo Nordisk's bid will be unable to pass antitrust review, Pfizer's lawsuit said. Novo Nordisk's offer was anticompetitive because the Ozempic maker already has a large share of the anti-obesity drug market, the lawsuit alleged. Novo Nordisk and Metsera both said they would fight Pfizer's claims from the first lawsuit in court.

Tycoon Pounced on Oil Assets

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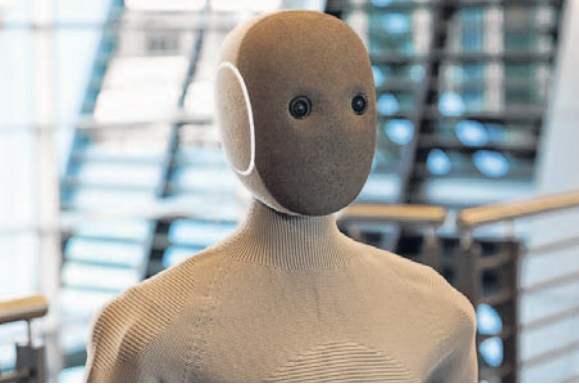
ing some assets, said Pietras. The purchase reflects the high tolerance for risk at commodity houses like Gunvor—which often trade in volatile markets, lend to companies and governments that can't borrow elsewhere and strike deals in countries facing political turmoil, conflict and sanctions. Market upheavals due to the pandemic and the Ukraine war have made the business exceptionally lucrative. Last year Gunvor earned \$729 million on \$136 billion in revenue, one of its best years ever. "Traders traditionally have more appetite for political risk than an oil major would and right now, they also have money burning in their pockets," said Craig Pirrong, a professor at the University of Houston who researches commodity traders. Still, funding this deal could be tricky, since Western banks are wary of transactions involving Russia. Details are still being finalized, but the most likely arrangement is for Gunvor to set aside a slice of future profits from the operations for Lukoil to claim post-war, people familiar with the matter said. Törnqvist grew up in Stockholm, where he studied business. He started his career at BP in the 1970s, as oil markets were opening up after the shock of the Arab oil embargoes. After stints at two trading firms, he struck out on his own in the mid-1990s with a venture selling Russian fuel oil from Estonia. Westerners were descending on the former Soviet Union to trade oil and metals. Soon, he teamed up with Gennady Timchenko, a former Soviet trade official who knew Putin from St. Petersburg, where the fu-

ture president worked in the mayoralty. The pair founded a precursor to Gunvor in 1997. The duo vaulted into the big trading leagues around 2003, when Törnqvist learned Moscow was about to seize oil fields from Putin critic Mikhail Khodorkovsky. Gunvor swiftly made arrangements to keep the crude flowing to global markets, he told the authors of "The World for Sale," a book published in 2021. The move transformed the niche Baltic outfit into one of the world's biggest trading operations. At one point, Gunvor handled as much as 30% of Russia's seaborne crude exports. Pietras said the firm's edge was its logistical capability. "We don't deny we have excellent contacts," Törnqvist told Reuters in a rare interview in 2007. But "to involve Mr. Putin and any of his staff in this dialogue is speculation," he added. The following year, Timchenko described rumors he had worked for Russian security organs as a "fairy tale" in a

Wall Street Journal interview, and said he was too busy to see Putin, his old acquaintance. After Russia annexed Crimea in 2014, U.S. sanctions on Timchenko brought the firm close to collapse. The Obama administration said Putin himself had investments in Gunvor and may have had access to its funds, accusations the firm denied as "misinformed and outrageous." To save his company, Törnqvist bought Timchenko's shares. He sold Russian assets and built new lines of business, especially in liquefied natural gas and in the U.S. "Gunvor cleaned up their act after the Russia sanctions, but the whole company is historically based on Russian business, connections and know-how," said Adi Imsirovic, an energy lecturer at the University of Oxford and former trading executive at Russia's Gazprom. Törnqvist expanded in the U.S. He poured money into sailing, sponsoring an America's Cup team and pushing for the

competition to become more of a high-tech, extreme sport. "I like competition, and in sailing I've been able to compete on the highest level," he told the Journal in 2017. Törnqvist never entirely severed dealings with Russia. Gunvor remained a sizable exporter of petroleum and kept a stake in a huge St. Petersburg terminal. The company's spokesman said it hadn't been possible to sell. Like other commodity trading heads, Törnqvist visited the Moscow headquarters of state-owned Rosneft until the 2022 invasion of Ukraine, said people familiar with their meetings. However, Gunvor swiftly dialed back its trading activity after Putin attacked Ukraine, according to shipping data and people familiar with its activities. The Lukoil deal, the biggest in a spree of recent acquisitions, creates options for Törnqvist's eventual departure. He has said he would like to keep Gunvor, where his son Fredrik is an executive, in the family. If that doesn't pan out, a company with substantial assets might prove easier to sell than a hard-to-value trading firm. For now, though, Törnqvist shows no signs of planning to tap the brakes.

Watch a Video: Inside the Plans For 1X's Neo Robot



DAVID HALL/WSJ

Neo is a home humanoid robot built by 1X Technologies. Scan this code for a video on what Neo can—and can't—do on its own, in an interview with the company's CEO, Bernt Bornich, ahead of Neo's launch.



OLIVER BUNIC/BLOOMBERG NEWS

Swiss trading business Gunvor will swell to absorb gas stations, refiners and oil fields.



BUSINESS & FINANCE

# Denny’s Is Going Private In Deal Worth \$322 Million

Three entities are working together to buy the diner chain at a 52% premium

By KATHERINE HAMILTON

Denny’s has agreed to be taken private in a \$322 million deal, led by the private-equity firm behind P.F. Chang’s and

TGI Fridays.

The shares rose 49% to \$6.12 in after-hours trading Monday.

Denny’s stockholders will receive \$6.25 a share in cash for each Denny’s share, a 52% premium to its closing stock price on Monday.

In an all-cash deal, three entities are working together to buy the diner chain: New York-based private-equity

company TriArtisan Capital Advisors, alternative asset investment firm Treville Capital Group and one of Denny’s largest franchisees, Yadav Enterprises.

Denny’s received indications of interest from TriArtisan and conducted a review of strategic alternatives, Denny’s Chief Executive Kelli Valade said. As part of the review, Denny’s reached out to more than 40

potential buyers and received multiple offers, Valade said.

Denny’s board of directors has unanimously approved the deal, which is expected to close in the first quarter of 2026.

TriArtisan’s portfolio also includes Chinese-food chain P.F. Chang’s, the parent company of Hooters and the burger restaurant TGI Fridays. Yadav, which is led by Anil Ya-



Denny’s says its customers were cutting back on visits.

dav, owns and operates 550 restaurants nationwide and is among Denny’s biggest franchisees.

The company on Monday reported lower profit for the third quarter, as same-store

sales in its core restaurant chain fell 2.9%. Revenue and adjusted earnings figures missed Wall Street consensus estimates. The stock has lost about a third of its value this year.

# BP to Sell Portion Of Its U.S. Assets For \$1.5 Billion

By ADAM WHITTAKER

BP said it agreed to sell interests in its U.S. midstream assets to **Sixth Street** for \$1.5 billion, as it continues to look for ways to pay down net debt.

The British energy major said Monday that it would sell stakes in the assets, which are operated by its U.S. onshore oil-and-gas business BPX in the Permian and Eagle Ford basins.

The deal includes approximately \$1 billion paid upon signing, with the remainder expected by the end of the year, BP said.

Midstream assets are responsible for transportation,

storage and processing of oil and gas before reaching end-markets.

The sale comes after a strategy reset, which has seen BP double down on oil-and-gas production in an effort to boost shareholder valuations as profitability declines and net debt rises. For the third quarter it expects net debt to remain broadly flat at around \$26 billion.

The arrival of activist hedge fund Elliott Investment Management, which has taken a stake in the company, has added to a sense of urgency.

BP is in the midst of a strategic review of its portfolio. In October, its new chairman said



The British energy major is in the midst of a strategic review of its portfolio to simplify its businesses. A BPX site in Texas.

it must act with urgency to simplify what he described as an overly complex business.

The company is targeting divestment proceeds of be-

tween \$3 billion to \$4 billion in 2025, as part of an overall \$20 billion target by the end of 2027.

One division that has been

earmarked for sale is its lubricants business Castrol.

After the sale, BPX will remain the operator of the assets. Its ownership in the

Permian midstream assets will fall to 51%, from 100%, while its interest in the Eagle Ford midstream assets will fall to 25% from 75%.

# Ex-Honeywell CEO’s Firm to Buy Machinery Maker

By LAUREN THOMAS

The former leader of industrials conglomerate **Honeywell International** is going on a shopping spree in a bid to create Honeywell 2.0.

A firm backed by David Cote is set to acquire Husky Technologies, a provider of injection-molding equipment, from Platinum Equity for roughly \$5 billion including debt.

Cote’s company, **CompoSecure**, unveiled the deal Monday, confirming an earlier report by The Wall Street Journal.

Last fall, Cote and former Goldman Sachs banker Tom Knott acquired a majority stake in CompoSecure as their next act, with the plan to use the entity as a platform for future deals. The maker of metal credit cards has a market value of over \$2 billion.

The Husky deal is set to be

partially financed with a roughly \$2 billion PIPE, or private investment in public equity, that is expected to be offered at \$18.50 a share of CompoSecure common stock.

Cote’s family office already has around \$1.1 billion invested in CompoSecure that will be rolled into the deal, and Platinum will roll over about \$1 billion to keep a little less than a 20% stake in the combined business.

Husky was founded in 1953. Its machinery is used to create a variety of plastic products, including medical devices and beverage containers. Platinum bought Husky from Berkshire Partners and Omers Private Equity for around \$4 billion in 2018.

It is likely the first of many deals for Cote and Knott, who see a chance to combine private-equity-backed companies to create a new industrials conglomerate.

“We can start with busi-



CompoSecure’s David Cote, with beard, and others ring the NYSE’s opening bell in September.

nesses that we want that don’t have all the legacy liabilities,” Cote told the Journal in an interview, describing

the vision as a “new Honeywell.”

Knott said they see an opportunity to buy private-eq-

uity-owned businesses that may not be as attractive in the public market today, when those firms are looking

for an exit.

“We think our platform solves a problem for sponsors,” Knott said.

In February, the duo spun off a publicly traded business called Resolute Holdings from CompoSecure.

Resolute oversees CompoSecure’s operations and capital allocation, and helps look for deal opportunities. Knott is CEO of Resolute, and Cote is executive chairman.

Cote, Honeywell’s chief from 2002 to 2017, is known for leading a turnaround of the company, which is now in the midst of breaking itself up.

In 2019, Cote teamed up with Goldman to acquire Vertiv Holdings from Platinum and take it public. Cote is still executive chairman of Vertiv, which provides equipment for data centers and has a market value above \$70 billion.

# Canada Acts to Halt Stellantis U.S. Move

By PAUL VIEIRA

OTTAWA—Canada on Monday took its first formal step to stop **Stellantis**’s plan to shift production of its Jeep Compass model to Illinois from a Toronto-area factory, arguing the future of the country’s auto sector is at stake.

Canadian Industry Minister Mélanie Joly said the government would serve Stellantis with a notice to start dispute-resolution proceedings. “This action is not symbolic,” she said, in an appearance before a committee of Canadian lawmakers. “We need to be clear and direct toward the company. When a commitment to the Canadian government is not respected, there are consequences.”

She added the fight with Stellantis represents a life-or-death moment for the country’s automotive sector, which accounts for about 120,000 jobs in the manufacturing sector. “When I think about what’s going on in the sector, and this Brampton-Stellantis problem, I know that if we don’t win it, the sector is at stake. I can’t be more clear about that.”

Joly has threatened to sue Stellantis for its decision in



Stellantis plans to shift production of its Jeep Compass to Illinois from a plant in Ontario.

October to shift production of its Jeep Compass to Illinois from a plant in Brampton, Ontario. The decision was part of Stellantis’s announcement of a \$13 billion investment to increase production in the U.S., amid President Trump’s 25% tariff on foreign-made vehicles. Stellantis employs about 3,000 workers at the Brampton operation.

A spokeswoman for Stellantis said Canada remains an integral part of the company’s North American operations, adding it has neither shut

down the Brampton factory nor cut jobs at the plant. She added that Stellantis would work with government officials and other parties to find solutions to maintain auto production in the country.

Generally, commercial contracts have a clause that allow for disputes between parties to be resolved through arbitration or dispute resolution.

The Canadian government, along with the province of Ontario, provided over 1 billion Canadian dollars, or the equivalent of U.S. \$710 million, to

Stellantis in 2022 to modernize its plants in Brampton and Windsor, Ontario, to accommodate production of electric vehicles. Over a year later, Canada sweetened its offer with up to C\$15 billion in incentives to Stellantis to upgrade the Windsor facility. Stellantis promised to maintain its production mandate in Brampton as part of the deal.

Canadian officials said the financing was conditional on Stellantis maintaining production and employment at the Brampton factory.

# Stewart Reaches Deal On ‘The Daily Show’

By ISABELLA SIMONETTI

Jon Stewart will continue to host Comedy Central’s “The Daily Show” through December 2026, extending the run of the late-night host known for sharp political commentary.

Comedy Central, which is owned by **Paramount**, said Monday that Stewart, who has been an outspoken critic of President Trump, would keep hosting “The Daily Show” on Mondays and serve as its executive producer. Other members of the show’s team will continue to host Tuesdays through Thursdays.

The current contract for Stewart, 62, was set to expire at the end of this year.

“Jon Stewart continues to elevate the genre he created,” said Ari Pearce, head of Comedy Central. “His return is an ongoing commitment to the incisive comedy and sharp commentary that define ‘The Daily Show.’”

Paramount merged with Skydance Media in an \$8 billion deal last summer.

The decision to keep Stewart on-air follows a period of upheaval in late-night television. In July, Paramount’s CBS said it was ending “The Late Show With Stephen Colbert”



Jon Stewart will host the show through December 2026.

when his contract expires in May 2026. The network said it was “purely a financial decision.”

In September, **Walt Disney** temporarily pulled “Jimmy Kimmel Live!” off ABC after Kimmel made remarks about the killing of conservative activist Charlie Kirk that prompted criticism from Federal Communications Commission Chairman Brendan Carr.

In July, Paramount agreed to pay \$16 million to settle a lawsuit with Trump over the editing of a “60 Minutes” interview with former Vice President Kamala Harris. Soon after, the FCC approved the Skydance-Paramount merger.



TECHNOLOGY & MEDIA

Generated by AI



The execution of Coke's new 'Holidays Are Coming' commercials is an improvement from last year's AI-generated ads.

Coca-Cola's Holiday Ads Tap Artificial Intelligence

Soda giant faced criticism last year for commercials generated by AI

By Katie Deighton

Coca-Cola has taken another stab at artificial-intelligence-generated holiday ads after last year's attempts drew criticism from creative professionals over their execution and the technology's potential to hurt jobs. The results show improvement on the execution, at least,

as Madison Avenue continues to fret about its creative future. The wheels of the red delivery trucks in Coke's new "Holidays Are Coming" commercials look as though they are all turning, rather than gliding like some did last year. The shiny-faced, spaced-out humans of 2024 have ceded their place to an expanded host of critters, letting Coke dodge the "uncanny valley" where nearly real simulations of people wind up unsettling viewers. Coca-Cola declined to comment on the cost of the campaign, which includes two different commercials made by two artificial-intelligence stu-

dios that it said will air in around 140 countries. But Chief Marketing Officer Manolo Arroyo said it was cheaper and speedier to produce than a typical, non-AI production. "Before, when we were doing the shooting and all the standard processes for a project, we would start a year in advance," Arroyo said. "Now, you can get it done in around a month." Coca-Cola is one of many advertisers enchanted by generative AI's speed and cost efficiencies despite some people's vocal distaste for the technology and its potential to make jobs in the creative industries

redundant. The animator and writer Alex Hirsch last year responded to last year's AI ads by declaring that Coca-Cola is "red because it's made from the blood of out-of-work artists." And advertisers such as the retailer Aerie have made their rejection of AI in photos and videos a public-relations campaign in itself. That could curry favor with the 46% of consumers in the U.S., U.K., Canada and Australia who said they aren't OK with AI in ads, according to a January poll from research company Attest. But that number is down from 49% a year earlier. Other advertisers are pushing ahead. Thirty percent of connected-TV commercials, social videos and online videos this year are being built or enhanced using generative AI tools, up from 22% in 2024, according to trade group the Interactive Advertising Bureau. That figure will rise to 39% in 2026, the bureau predicts. Tech giant Google last week unveiled its first completely AI-generated spot. And despite the criticism, Coke's 2024 holiday ads scored very highly among regular consumers, according to System1, a U.K.-based company that tests the effectiveness of ads, which suggested people either didn't know or didn't care about the use of artificial intelligence. Arroyo and other marketers are quick to point out that generative AI ads aren't just created by pressing a few buttons. In a behind-the-scenes film shared by Coke, a voice-over discusses the "team of artists" who "work frame-by-frame, often pixel-by-pixel" to touch up and tweak the festive images generated by the AI. Coca-Cola, which Chief Executive James Quincey said on an October earnings call will restructure its workforce next year as it brings in more AI and agentic tech, has always staffed its holiday campaigns with relatively small teams, Arroyo said. Around 100 people worked on the new holiday campaign across Coca-Cola, its advertising agency WPP and the AI creative studios Silver-side and Secret Level, a number on par with the AI-free productions of the past, the company said. "The core of this, the engine of this, is human storytellers," Arroyo said. It looks like fewer of those storytellers will be around in the future. Only five AI specialists were needed to prompt, turn out and refine more than 70,000 video clips to make Silverside's holiday ad for Coke, according to another behind-the-scenes film. Employees aged 20 to 24 who tend to fill junior roles and internships are already disappearing from the advertising industry because of the adoption of AI, as well as the consolidation of firms and weaker revenues, according to an Adweek analysis of U.S. labor data. Marketers in the past week have been among the droves of U.S. workers laid off at Amazon.com, Paramount and other companies, which say that AI can handle some of their work. Katie Deighton writes for WSJ Pro's CMO Today.

Microsoft Secures \$9.7 Billion Deal For AI Computing

By Adriano Marchese

Microsoft has secured new computing power capacity with a \$9.7 billion deal with IREN as big tech races to expand data-center capacity across the U.S. Under the five-year agreement, Microsoft will gain access to IREN's Nvidia GB300 chips, giving it access to more data processing power as the tech giant scales its artificial intelligence services. To support the new demand, IREN made a separate agreement with Dell Technologies to purchase new graphics processing units as well as related equipment for \$5.8 billion. The hardware is expected to be rolled out in phases throughout the next year at IREN's Texas campus in Childress. Shares of data-center operator IREN rose 11.5% to \$67.75 on Monday. In the U.S., data centers have become increasingly critical to power the artificial

intelligence boom. Tech giants like Microsoft, Amazon, and Google are spending tens of billions of dollars to build massive new facilities to house the thousands of power-hungry GPUs required to train and run AI models. The rapid buildout has also created a strain, including from a shortage of GPUs to process the data, and the need for electricity to run it all. Microsoft has said it plans to double its data-center footprint over the next two years to keep pace with soaring demand for cloud and computing services. It now plans to spend more than previously projected on its AI infrastructure this fiscal year. Recently, Microsoft signed a deal with Nscale to provide about 200,000 Nvidia AI processors in Europe and also committed \$17.4 billion over five years for a similar GPU infrastructure deal from Dutch company Nebius for a new data infrastructure capacity in Vineland, N.J.



A company retail shop is set to open in the BHV Marais store.

Shein Faces Protests as Store to Open in Paris

By Chelsey Dulaney and Noemie Bissierre

France threatened to ban Shein after regulators discovered it was selling childlike sex dolls on its platform ahead of the opening of the Chinese-founded e-commerce giant's first-ever permanent brick-and-mortar location in Paris later this week. France's consumer watchdog said that it reported Shein to prosecutors and regulators after it found the dolls on Shein's website. Shein said that it immediately took down the listings and has banned the sale of all sex dolls on its site. But that is unlikely to stanch the escalating scrutiny of its business practices in France. "These horrible items are illegal," French Finance Minister Roland Lescure said in a TV interview on Monday. "If this behavior is repeated, we will be within our rights to request that Shein's platform be banned from the French market," he added. Shein sells its own items and runs a marketplace for third-party sellers. It said it is reviewing how the listings circumvented its screening procedures for third-party vendors and pledged to beef up its internal controls. "These were marketplace listings from third-party sellers—but I take this personally," said Donald Tang, executive chairman of Shein, in a statement. "We are tracing the source and will take swift, decisive action against those responsible." The escalation comes ahead of the planned opening Wednesday in BHV Marais, an iconic yet struggling Parisian department store. The shopping center had been betting on Shein's popularity among young buyers to boost traffic. The announcement unleashed fury across Paris as city officials worried the Chinese fast-fashion giant was planting its flag in the home of haute couture. Dozens of brands pulled their items from the department store's shelves, while employees have protested outside the building's entrance. The state-owned Bank of Territories pulled out of talks

with Société des Grands Magasins, owner of BHV Marais, to buy the building. BHV Marais holds a special place in the hearts of many Parisians. Located across from the capital's city hall, the store traces its history back to the 1850s. According to legend, the founder expanded the store with a financial reward from Napoleon III, after calming horses that had been spooked while pulling the carriage of Napoleon's wife, Empress Eugénie. "We call it the department store for Parisians because it's not so much for tourists," said Guillaume Alcan, co-founder of the shoe brand Odaje, which left BHV after the Shein announcement. "I think this is why it's so difficult for Parisians. For the French, it was like the last department store for us." Yasmine Auquier Buron, co-founder of Rive Droite, had a corner in BHV where the brand sold bags made from recycled and upcycled materials since 2022. Rive Droite also pulled out of BHV after the Shein announcement in October, which came after months of delayed payments from the department store. "Shein for me is even worse than not being paid. It's a shame on Paris. It's a disgrace," she said. "You cannot be a sustainable brand and be in the same space as these people." SGM is pledging to go ahead with the Shein opening despite the fallout. It also has said it plans to open Shein locations in five Galeries Lafayette locations it operates across France. "We obviously condemn the recent events surrounding the doll controversy," Frederic Merlin, president of SGM, said in an Instagram post on Sunday. However, he criticized the broad backlash against Shein: "I refuse to give in to the politically correct mindset that believes it holds the truth. Business is real life." SGM said that only clothing and items produced directly by Shein for BHV would be sold there. "This comes with all the guarantees of quality, traceability, origin, and compliance with European and French regulations," the company added.

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COMMERCIAL REAL ESTATE

NOTICE OF UCC PUBLIC AUCTION SALE

PLEASE TAKE NOTICE, that in accordance with applicable provisions of the Uniform Commercial Code as in effect in the State of New York and all other applicable jurisdictions, Fordham North Preferred Investor LLC, a New York limited liability company, as successor-in-interest to CPIF MRA, LLC, a Delaware limited liability company (the "Secured Party"), will sell at one or more public auctions all limited liability company interests held by Fordham Landing Preferred LLC, a Delaware limited liability company ("Fordham Landing Preferred") and Fordham Landing Preferred Sponsor LLC, a Delaware limited liability company ("Sponsor"), and together with Fordham Landing Preferred, the "Pledgors", in Fordham Landing Preferred, MDBZJGGS, LLC, a New York limited liability company ("MDBZJGGS"), DS Fordham Landing 2, LLC, a Delaware limited liability company ("DS 2"), and DS Fordham Landing 4 LLC, a Delaware limited liability company ("DS 4"), and together with Fordham Landing Preferred, MDBZJGGS, DS 2, and DS 4, the "Pledged Entities", such interests, collectively, the "Equity Interests". The Equity Interests secure indebtedness owing by Fordham Landing Preferred to Secured Party in a principal amount of not less than \$18,917,999.77 plus unpaid interest (including default rate interest), attorneys' fees and other charges including the costs to sell the Equity Interests ("Debt").

The public auction(s) and sale(s) will be held at 11:00 a.m. (EDT) on Tuesday, December 2, 2025 ("Public Sale") by virtual bidding via Zoom via the following Zoom meeting link: <https://bit.ly/FordhamCSX> (case sensitive), meeting ID: 839 5272 2069, passcode: 119512 (or by telephone at +1-646-931-3860 (US), using same meeting ID and passcode). The Public Sale will be conducted by auctioneer Matthew D. Mannion, of Mannion Auctions, LLC.

At or prior to the Public Sale, Secured Party reserves the right to: (i) credit bid up to the amount of the Debt; (ii) set minimum price(s) for the Equity Interests; (iii) reject bids, in whole or in part; (iv) cancel or adjourn the Public Sale, in whole or in part; and (v) establish the terms and conditions of the Public Sale, including scheduling one or more auctions for the Equity Interests ("Terms of Public Sale").

Secured Party's understanding, without making any representation or warranty as to accuracy or completeness, is that the principal assets of each of the Pledged Entities are the parcels of real property detailed below:

Location	Pledged Entities
2371 Exterior St., Bronx, NY (Block 3244, Lot 130)	DS 2
2391 & 2401 Exterior St., Bronx, NY (Block 3244, Lots 145 & 160)	DS 4
Landing Road a/k/a 2444 Exterior St., Bronx, NY (Block 3244, Lot 1) West 192nd St. a/k/a Exterior St., Bronx, NY (Block 3245, Lot 3)	MDBZJGGS

Prospective and winning bidder(s) will be required to represent in writing to Secured Party that they will adhere to the Terms of Public Sale and are purchasing the Equity Interests for their own account, not acquiring them with a view toward the sale or distribution thereof and will not resell the Equity Interests unless pursuant to a valid registration under applicable federal and/or state securities laws, or a valid exemption from the registration thereunder. The Equity Interests have not been registered under such securities laws and cannot be sold by the winning bidder(s) without registration or application of a valid exemption. The Equity Interests will be offered for sale at the Public Auction "as-is, where-is", and there are no express or implied warranties or representations relating to title, possession, quiet enjoyment, merchantability, fitness, or the like as to the Equity Interests. THIS NOTICE DOES NOT CONSTITUTE AN OFFER TO SELL, NOR THE SOLICITATION OF AN OFFER TO BUY, THE EQUITY INTERESTS TO OR FROM ANYONE IN ANY JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS NOT AUTHORIZED.

Parties interested in bidding on the Equity Interests must contact Stephen Schwalb at NEWMARK ("Broker"), Secured Party's Broker, at +1-669-467-2084 or [stephen.schwalb@nmrk.com](mailto:stephen.schwalb@nmrk.com). Upon execution of a standard non-disclosure agreement, additional documentation and information will be available. Interested parties who do not contact Broker and register before the Public Sale may not be permitted to participate in bidding at the Public Sale. Additional information can be found at <https://tinyurl.com/2ha34ewc>.

The above publication notice supersedes all previous publications which occurred in the Wall Street Journal prior to October 15, 2025.

NOTICE OF UCC PUBLIC AUCTION SALE

PLEASE TAKE NOTICE, that in accordance with applicable provisions of the Uniform Commercial Code as in effect in the State of New York and all other applicable jurisdictions, Fordham North Lender LLC, a New York limited liability company, as successor-in-interest to CPIF Lending, LLC, a Washington limited liability company (the "Secured Party"), will sell at public auction all limited liability company interests held by Dynamic Star LLC, a Delaware limited liability company ("DS Pledgor"), DS 1 GP Inc., a New York corporation ("DS GP Pledgor"), and Namdar Fordham South LLC, a New York limited liability company ("Namdar Pledgor") and together with DS Pledgor and DS GP Pledgor, the "Pledgors", in DS Fordham Landing 1 LLC, a New York limited liability company (such entity, the "Pledged Entity", such interests, the "Equity Interests"). The Equity Interests secure indebtedness owing by Pledged Entity to Secured Party in a principal amount of not less than \$55,189,025.74 plus unpaid interest (including default rate interest), attorneys' fees and other charges including the costs to sell the Equity Interests ("Debt").

The public auction sale will be held at 10:00 a.m. (EDT) on Tuesday, December 2, 2025 ("Public Sale") by virtual bidding via Zoom via the following Zoom meeting link: <https://bit.ly/FordhamLaSala> (case sensitive), meeting ID: 831 9806 2354, passcode: 529092 (or by telephone at +1-646-931-3860 (US), using same meeting ID and passcode). The Public Sale will be conducted by auctioneer Matthew D. Mannion, of Mannion Auctions, LLC.

At or prior to the Public Sale, Secured Party reserves the right to: (i) credit bid up to the amount of the Debt; (ii) set minimum price(s) for the Equity Interests; (iii) reject bids, in whole or in part; (iv) cancel or adjourn the Public Sale, in whole or in part; and (v) establish the terms and conditions of the Public Sale ("Terms of Public Sale").

Secured Party's understanding, without making any representation or warranty as to accuracy or completeness, is that the principal asset of the Pledged Entity is the real property located at 320 W. Fordham Road, Bronx, New York 10468.

Prospective and winning bidder(s) will be required to represent in writing to Secured Party that they will adhere to the Terms of Public Sale and are purchasing the Equity Interests for their own account, not acquiring them with a view toward the sale or distribution thereof and will not resell the Equity Interests unless pursuant to a valid registration under applicable federal and/or state securities laws, or a valid exemption from the registration thereunder. The Equity Interests have not been registered under such securities laws and cannot be sold by the winning bidder(s) without registration or application of a valid exemption. The Equity Interests will be offered for sale at the Public Auction "as-is, where-is", and there are no express or implied warranties or representations relating to title, possession, quiet enjoyment, merchantability, fitness, or the like as to the Equity Interests. THIS NOTICE DOES NOT CONSTITUTE AN OFFER TO SELL, NOR THE SOLICITATION OF AN OFFER TO BUY, THE EQUITY INTERESTS TO OR FROM ANYONE IN ANY JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS NOT AUTHORIZED.

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BANKRUPTCIES

IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

In re: CORVIA CAMPUS LIVING - USG, LLC, Debtor.<sup>1</sup> Chapter 11 Case No. 25-11214 (LSS)

PUBLICATION NOTICE OF COMBINED DISCLOSURE STATEMENT AND CHAPTER 11 PLAN OF LIQUIDATION PROPOSED BY THE DEBTOR

On October 31, 2025, the above-captioned debtor and debtor in possession (the "Debtor") filed the Combined Disclosure Statement and Chapter 11 Plan of Liquidation of Corvius Campus Living - USG, LLC (DL 265) (as may be amended, modified, or supplemented, the "Combined Disclosure Statement and Plan"). The United States Bankruptcy Court for the District of Delaware (the "Court") approved the Combined Disclosure Statement and Plan for solicitation to Holders of Impaired Claims entitled to vote on the Combined Disclosure Statement and Plan (DL 257) (the "Interim Approval and Procedures Order"). Copies of the Interim Approval and Procedures Order and the Combined Disclosure Statement and Plan can be obtained free of charge at the website maintained by Donlin, Recano & Company, LLC (the "Voting Agent") at <https://bankruptcy.angiongroup.com/Clients/CDLU/index>; or by contacting the Voting Agent via email at [DR\(C\)tel@angiongroup.com](mailto:DR(C)tel@angiongroup.com); or by phone at (877) 799-0320 (Domestic) or (332) 284-1398 (International).

Only Holders of Claims in Class 3 and Class 4 (the "Voting Classes") are entitled to vote to accept or reject the Plan; Holders of Claims in Classes 1 and 2 are Unimpaired and presumed to accept the Plan; and Holders of Claims in Classes 5 and 6 are Impaired and deemed to reject the Plan. If you are a Holder of a Claim against the Debtor as of November 3, 2025 (the "Voting Record Date"), and in a Voting Class, the deadline by which Ballots accepting or rejecting the Plan must be received is December 1, 2025 at 4:00 p.m. (prevailing Eastern Time) (the "Voting Deadline"). If you are in a Voting Class, for your vote to be counted, your Ballot must be properly completed, signed, and returned so that it is actually received by the Voting Agent before the Voting Deadline, unless such time is extended in writing by the Debtor.

If you wish to challenge the Debtor's classification of your claim, you must file a motion for an order temporarily allowing your Claim in a different classification or amount for purposes of the Bankruptcy Rules and the Local Rules, and (c) be filed with the Court and served upon the following parties: (i) counsel for the Debtor, Morris, Nichols, Arsh & Tunnell LLP, 1201 N. Market Street, 16th Floor, Wilmington, DE 19801, Attn: Derek C. Abbott ([dabbott@morrisonichols.com](mailto:dabbott@morrisonichols.com)) and Matthew O. Talmo ([mtalmo@morrisonichols.com](mailto:mtalmo@morrisonichols.com)); (ii) counsel to the Prepetition Secured Noteholders, Eversheds Sutherland (US) LLP, 1114 Avenue of Americas, New York, New York, 10036, Attn: Todd C. Meyers ([ToddMeyers@eversheds-sutherland.com](mailto:ToddMeyers@eversheds-sutherland.com)), René M. Dalley ([RenéDalley@eversheds-sutherland.com](mailto:RenéDalley@eversheds-sutherland.com)), and John Ramirez ([JohnRamirez@eversheds-sutherland.com](mailto:JohnRamirez@eversheds-sutherland.com)) and Potter Anderson & Corron LLP, 1313 N. Market Street, 6th floor, Wilmington, Delaware, 19801, Jeremy W. Ryan ([jryan@potteranderson.com](mailto:jryan@potteranderson.com)) and James R. Risener II ([jrisener@potteranderson.com](mailto:jrisener@potteranderson.com)); (iii) counsel to the BOR, Troutman Pepper Locke LLP, 600 Peachtree Street, NE Suite 3000 Atlanta, GA 30308, Attn: Gary W. Marsh, Esq. ([Gary.Marsh@troutman.com](mailto:Gary.Marsh@troutman.com)), and Troutman Pepper Locke LLP, Hercules Plaza, Suite 1000 1313 N. Market Street, P.O. Box 1709 Wilmington, DE 19899-1709, Attn: David M. Fournier, Esq. ([David.Fournier@troutman.com](mailto:David.Fournier@troutman.com)); (iv) counsel to the Corvius Parties, Goulston & Storrs PC, One Post Office Square, 25th Floor, Boston, MA 02109, Attn: Douglas B. Rosner ([droser@goulstonstors.com](mailto:droser@goulstonstors.com)) and Timothy J. Carter ([tcarter@goulstonstors.com](mailto:tcarter@goulstonstors.com)) and Landis, Rath & Cobb LLP, 919 Market Street, Suite 1800, Wilmington, Delaware, 19801, Attn: Adam G. Landis ([adaml@rlcaw.com](mailto:adaml@rlcaw.com)) and Colin R. Robinson ([robinson@rlcaw.com](mailto:robinson@rlcaw.com)); and (v) the U.S. Trustee for the District of Delaware, 1 Caleb Rogers Federal Building, 844 King Street, Lockbox 35, Wilmington, DE 19801, Attn: Timothy J. Fox ([timothy.fox@usdoj.gov](mailto:timothy.fox@usdoj.gov)).

Article 1 of the Combined Disclosure Statement and Plan contains Release, Exculpation, Injunction provisions, and a Third-Party Release. Thus, Holders of Claims against the Debtor are advised to review and consider the Combined Disclosure Statement and Plan carefully because their rights might be affected thereunder.

<sup>1</sup> The last four digits of the Debtor's federal EIN is 0732. The Debtor's mailing address is 301 Metro Center Blvd., Suite 204, Warwick, RI 02886.

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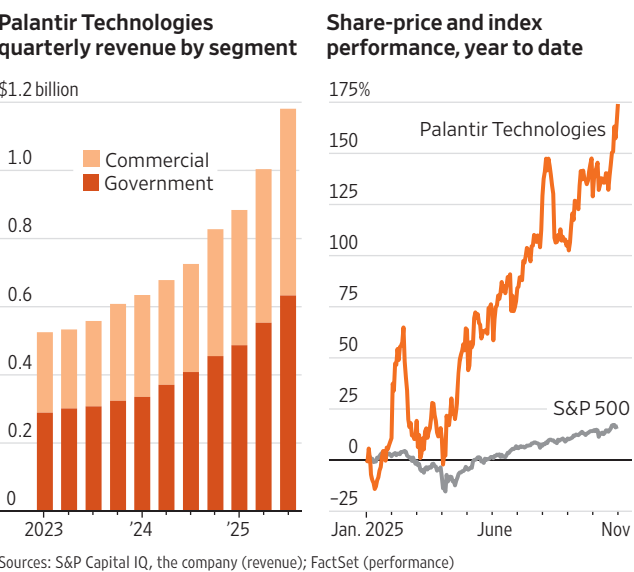
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BUSINESS & FINANCE

Revenue Hits a Record at Palantir  
As Government Contracts Boom



By Heather Somerville

**Palantir Technologies** reported another quarter of record revenue on Monday, propelled by a surge in new customers flocking to buy artificial-intelligence technology from one of the hottest names on Wall Street.

The data-analytics company said it had \$1.18 billion in sales for the third quarter, a

year-over-year gain of 63%, and a net profit of \$475.6 million. Both came in ahead of analyst expectations.

Palantir stock hit another record high Monday after notching successive new gains for about the past two weeks. Shares have more than doubled this year.

“It is worth remembering that the business is now producing more profit in a single

quarter than it did in revenue not long ago,” Chief Executive Alex Karp wrote in a letter accompanying the earnings release.

Revenue from U.S. government contracts was \$486 million, popping 52% from the same quarter the prior year and beating analyst expectations. Sales to U.S. commercial customers were \$397 million, more than double a year ago.

Palantir raised its revenue guidance to between \$4.396 to \$4.400 billion for the full year, from \$4.14 billion to \$4.15 billion.

The company provided guidance that its U.S. commercial business would more than double to \$1.433 billion.

The Denver-based firm sells software to centralize, manage and analyze large amounts of data.

Data Firm Turns to High School in Hunt for New Talent

By Angel Au-Yeung

At first, the idea of skipping college to take a fellowship for **Palantir Technologies** seemed preposterous to Matteo Zanini. But he couldn’t stop thinking about it.

“College is broken,” one Palantir post said. “Admissions are based on flawed criteria. Meritocracy and excellence are no longer the pursuits of educational institutions,” it said. The fellowship offered a path for high-school students to work full time at the company.

After deciding to apply, Zanini found out he got the fellowship at around the same time he learned of his admission to Brown University. Brown wouldn’t allow him to defer and he had also landed a full-ride scholarship through the Department of Defense.

“No one said to do the fellowship,” said Zanini, who turned 18 in September. “All of my friends, my teachers, my college counselor, it was a unanimous no.” His parents left the decision to him, and he decided to go with Palantir.

Zanini is one of more than 500 high-school graduates who applied for Palantir’s “Meritocracy Fellowship”—an experiment launched under Palantir CEO Alex Karp’s the-

sis that existing American universities are no longer reliable or necessary for training good workers.

Palantir is a data-analytics company that has become known lately for its government contracts, including with the U.S. military and intelligence agencies. Its work with immigration enforcement authorities and in other arenas has drawn criticism, but Karp and other executives have leaned into a pro-America ethos. The company also has many commercial clients.

Karp—who studied philosophy at Haverford College and got a law degree from Stanford University—said in an August earnings call that hiring university students these days has meant hiring people who have “just been engaged in platitudes.”

The inaugural class of 22 Palantir fellows wraps up in November. If they have done well in the four-month program, they will have the chance to work full time at Palantir, sans college degree.

The fellowship kicked off with a four-week seminar with more than two dozen speakers. Each week had a theme: the foundations of the West, U.S. history and its unique culture, movements within America, and case studies of leaders in-



Palantir’s ‘Meritocracy Fellowship’ offers selected college grads an alternative to college.

cluding Abraham Lincoln and Winston Churchill.

This was a surprise to the fellows, who were given little information about the program before they started.

“We felt obligated to provide more than the average internship,” said Jordan Hirsch, a senior counselor who works with Karp on special projects, including this program.

The interns’ inexperience showed early on: One fellow asked Hirsch how to take notes during the seminars.

“He mostly did math and coding and was never too engaged in history courses,” Hirsch said. “He said he’d never taken a note in his life.”

Gideon Rose, a former editor of Foreign Affairs magazine and an adjunct assistant professor at Barnard College, said his course for Palantir fellows didn’t involve ideological or politically partisan perspectives. Instead, he focused on introductory international relations.

After the seminars, the interns embedded themselves in

teams within Palantir, often traveling all across the country with other “forward-deployed engineers”—a job title coined by Palantir that has spread to other startups. These engineers operate much like consultants, traveling to where the clients are.

The first week with the teams—which Palantir intentionally set up as a trial by fire—proved difficult for all the fellows. By week three or four, Palantir executives said they had a clear sense of who was

working well in the company environment and who wasn’t.

The company hasn’t decided which of the 22 fellows will get full-time offers. Some of the fellows would like to stay, even if it is against the wishes of their parents.

“It’s been a source of conflict between me and my parents,” said Zanini. His mother was under the impression that he would do the fellowship as a gap year, and then reapply to return to college. But if he gets a full-time offer, that might no longer be the case.

Part of the appeal, says Zanini, is the company mission and the surprising amount of work and control he has been given, despite his inexperience in the workforce. “I mean, what company puts people on real projects on their third day?” said Zanini. “That’s insane.”

It also is possible some might turn down Palantir’s offer to stay and instead reapply for college, said Sam Feldman, another Palantir employee who helped manage the program with Hirsch.

“But I’m going to guess that whether they stay or leave, you’ll have zero who end up in investment banking or consulting,” said Feldman. “They’ve tasted what it’s like to build and have agency.”

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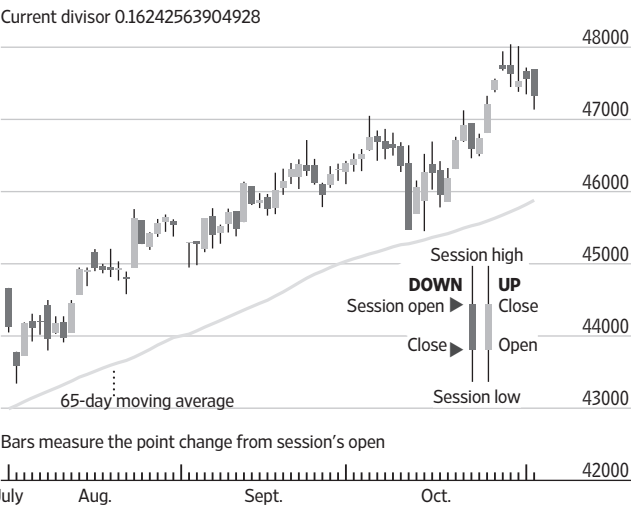


MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

47336.68 ▼226.19, or 0.48%  
High, low, open and close for each trading day of the past three months.



\*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; †Based on Nasdaq-100 Index

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	52-Week High	52-Week Low	% chg	YTD	3-yr. ann.
<b>Dow Jones</b>										
Industrial Average	47697.33	47135.96	47336.68	-226.19	-0.48	47706.37	37645.59	13.3	11.3	13.9
Transportation Avg	15901.71	15705.46	15821.12	-69.05	-0.43	17754.38	12637.04	-2.9	-0.5	6.2
Utility Average	1115.89	1098.01	1112.82	1.25	0.11	1168.30	953.88	10.0	13.2	7.1
Total Stock Market	67870.30	67257.61	67624.42	70.19	0.10	68059.16	49067.76	19.3	15.8	21.7
Barron's 400	1367.69	1351.19	1366.85	1.05	0.08	1405.16	1058.38	11.3	9.2	14.8

<b>Nasdaq Stock Market</b>										
Nasdaq Composite	23976.84	23764.87	23834.72	109.77	0.46	23958.47	15267.91	31.1	23.4	32.1
Nasdaq-100	26132.87	25887.88	25972.94	114.81	0.44	26119.85	17090.40	30.1	23.6	34.4

<b>S&amp;P</b>										
500 Index	6882.32	6820.62	6851.97	11.77	0.17	6890.89	4982.77	19.9	16.5	22.6
MidCap 400	3243.27	3204.20	3242.68	-3.58	-0.11	3390.26	2560.93	4.2	3.9	11.1
SmallCap 600	1438.51	1417.48	1438.50	2.97	0.21	1544.66	1106.12	3.0	2.2	7.6

<b>Other Indexes</b>										
Russell 2000	2481.05	2441.91	2471.24	-8.14	-0.33	2520.44	1760.71	11.4	10.8	11.6
NYSE Composite	21459.58	21253.14	21416.59	-42.99	-0.20	21789.63	17188.46	11.3	12.1	14.0
Value Line	622.93	614.98	621.03	-1.94	-0.31	656.04	495.50	1.4	1.6	5.9
NYSE Arca Biotech	6713.01	6531.70	6677.51	-19.41	-0.29	6696.93	5060.12	11.8	16.2	10.9
NYSE Arca Pharma	1004.54	995.33	999.80	0.33	0.03	1049.12	860.88	-1.6	7.0	7.8
KBW Bank	149.74	147.69	149.66	-0.16	-0.11	154.63	104.27	24.5	17.4	13.9
PHLX <sup>S</sup> Gold/Silver	281.32	274.66	277.56	-2.11	-0.76	329.32	136.24	74.6	102.3	42.0
PHLX <sup>S</sup> Oil Service	71.81	69.65	71.68	1.54	2.20	82.01	50.70	-4.4	-1.3	-4.9
PHLX <sup>S</sup> Semiconductor	7353.63	7248.69	7270.97	42.31	0.59	7327.93	3562.94	46.2	46.0	46.9
Cboe Volatility	18.83	17.00	17.17	-0.27	-1.55	52.33	12.77	-21.9	-1.0	-12.1

<sup>S</sup>Nasdaq PHLX

Sources: FactSet; Dow Jones Market Data

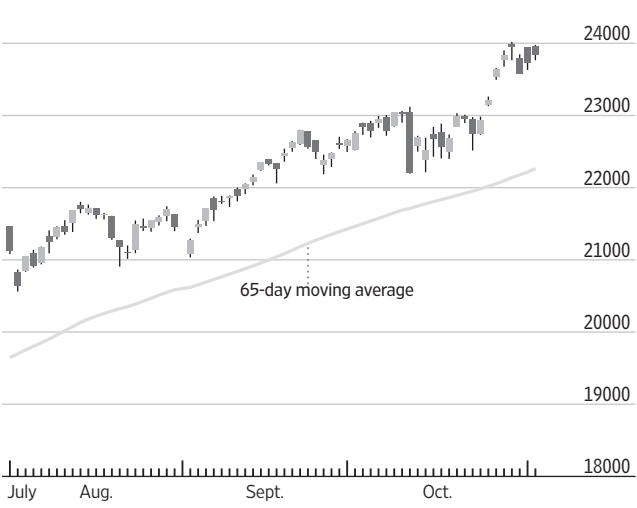
S&P 500 Index

6851.97 ▲11.77, or 0.17%  
High, low, open and close for each trading day of the past three months.



Nasdaq Composite Index

23834.72 ▲109.77, or 0.46%  
High, low, open and close for each trading day of the past three months.



Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
Palantir Technologies	PLTR	14,010.1	207.73	0.55	0.27	222.00	150.24
SoFi Technologies	SOFI	13,460.7	30.55	-0.08	-0.26	30.64	30.48
Grab Holdings	GRAB	10,832.3	6.14	0.07	1.15	6.19	6.06
Hims & Hers Health	HIMS	9,599.9	46.09	1.70	3.83	48.65	41.00
Prelude Therapeutics	PRLD	9,108.7	3.53	-0.45	-11.31	4.69	3.05
Eastman Chemical	EMN	8,773.9	57.24	-0.65	-1.12	58.57	55.20
Kenvue	KVUE	8,753.7	16.29	0.15	0.93	16.32	16.14
Apple	AAPL	7,453.2	268.61	-0.44	-0.16	270.37	256.93

Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
Cambium Networks	CMBM	2,632.8	2.87	0.83	40.69	3.00	2.04
Tactile Systems Tech	TCMD	240.0	19.99	4.22	26.75	21.76	15.77
iHeartMedia	IHRT	264.0	3.60	0.69	23.71	4.63	2.82
Super Group (SGHC)	SGHC	196.8	12.80	2.24	21.21	13.47	10.56
Logistic Prop Americas	LPA	5,244.2	3.90	0.62	18.90	4.94	3.28

...And losers

Sarepta Therapeutics	SRPT	6,141.6	15.01	-9.44	-38.61	25.70	14.90
Inspirity	NSP	96.9	32.00	-13.09	-29.03	45.09	30.32
Ichor Holdings	ICHR	78.7	18.60	-4.32	-18.85	22.92	18.25
JELD-WEN Holding	JELD	67.7	3.62	-0.58	-13.81	4.40	3.51
Atlas Energy Solutions	AESI	195.3	11.00	-1.65	-13.04	12.74	10.36

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	1,336,007,418	30,904,870
Adv. volume*	574,756,370	3,690,894
Decl. volume*	748,867,105	27,011,861
Issues traded	2,840	289
Advances	1,191	91
Declines	1,576	187
Unchanged	73	11
New highs	72	7
New lows	97	11
Closing Arms*	0.91	6.24
Block trades*	4,123	279

	Nasdaq	NYSE Arca
Total volume*	10,360,179,196	340,387,855
Adv. volume*	5,259,963,223	149,158,343
Decl. volume*	5,039,281,211	184,889,717
Issues traded	4,899	2,408
Advances	1,831	1,058
Declines	2,915	1,313
Unchanged	153	37
New highs	162	84
New lows	215	43
Closing Arms*	0.60	1.10
Block trades*	66,927	1,997

\* Primary market NYSE, NYSE American NYSE Arca only.  
\*(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
<b>World</b>					
	MSCI ACWI	1007.85	1.62	0.16	19.8
	MSCI ACWI ex-USA	410.68	0.70	0.17	26.0
	MSCI World	4394.91	4.49	0.10	18.5
	MSCI Emerging Markets	1410.43	8.88	0.63	31.1
<b>Americas</b>					
	MSCI AC Americas	2592.71	3.69	0.14	17.2
Canada	S&P/TSX Comp	30275.06	14.32	0.05	22.4
Latin Amer.	MSCI EM Latin America	2587.65	13.63	0.53	39.7
Brazil	Bovespa	150454.24	913.81	0.61	25.1
Chile	S&P IPSA	4946.98	43.11	0.88	36.9
Mexico	S&P/BMV IPC	62153.30	-615.88	-0.98	25.5

EMEA	STOXX Europe 600	572.28	0.39	0.07	12.7
Eurozone	Euro STOXX	597.83	1.23	0.21	18.3
Belgium	Bel-20	4907.05	4.68	0.10	15.1
Denmark	OMX Copenhagen 20	1508.70	0.40	0.03	-28.2
France	CAC 40	8109.79	-11.28	-0.14	9.9
Germany	DAX	24132.41	174.11	0.73	21.2
Israel	Tel Aviv	3320.54	32.34	0.98	38.6
Italy	FTSE MIB	43223.00	47.68	0.11	26.4
Netherlands	AEX	970.97	-0.49	-0.05	10.5
Norway	Oslo Bors All-Share	1859.46	7.43	0.40	13.0
South Africa	FTSE/JSE All-Share	109080.93	-162.63	-0.15	29.7
Spain	IBEX 35	16037.00	4.40	0.03	38.3
Sweden	OMX Stockholm	1018.64	-5.39	-0.53	6.7
Switzerland	Swiss Market	12235.54	1.04	0.01	5.5
Turkey	BIST 100	11060.39	88.87	0.81	12.5
U.K.	FTSE 100	9701.37	-15.88	-0.16	18.7
U.K.	FTSE 250	22108.89	-62.08	-0.28	7.2

Asia-Pacific	MSCI AC Asia Pacific	229.71	1.16	0.51	26.5
Australia	S&P/ASX 200	8894.80	12.94	0.15	9.0
China	Shanghai Composite	3976.52	21.73	0.55	18.6
Hong Kong	Hang Seng	26158.36	251.71	0.97	30.4
India	BSE Sensex	83978.49	39.78	0.05	7.5
Japan	NIKKEI 225	52411.34	...	Closed	31.4
Singapore	Straits Times	4444.33	15.71	0.35	17.3
South Korea	KOSPI	4221.87	114.37	2.78	75.9
Taiwan	TAIEX	28334.59	101.24	0.36	23.0
Thailand	SET	1308.86	-0.64	-0.05	-6.5

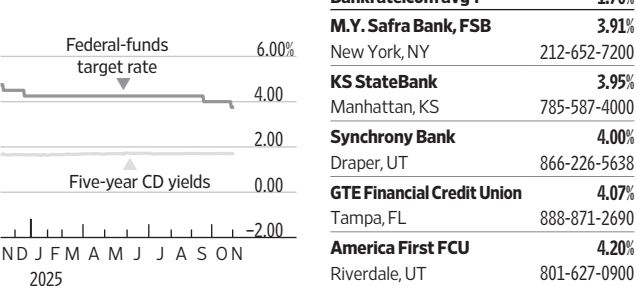
Sources: FactSet; Dow Jones Market Data

CREDIT MARKETS

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year



Selected rates

5-year CDs

Bankrate.com avg <sup>1</sup> :	1.70%
M.Y. Safra Bank, FSB	3.91%
New York, NY	212-652-7200
KS StateBank	3.95%
Manhattan, KS	785-587-4000
Synchrony Bank	4.00%
Draper, UT	866-226-5638
GTE Financial Credit Union	4.07%
Tampa, FL	888-871-2690
America First FCU	4.20%
Riverdale, UT	801-627-0900

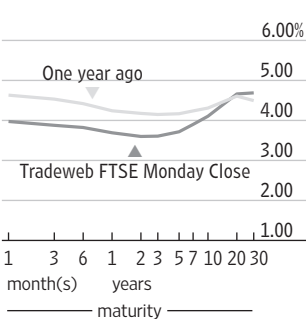
Interest rate	Yield/Rate (%) Last (●) Week ago	52-Week Range (%) Low 0 2 4 6 8 High	3-yr chg (pct pts)
Federal-funds rate target	3.75-4.00	4.00-4.25	0.00
Prime rate*	7.00	7.25	0.00
SOFR	4.22	4.24	1.17
Money market, annual yield	0.44	0.44	0.56
Five-year CD, annual yield	1.70	1.71	-0.65
30-year mortgage, fixed <sup>†</sup>	6.25	6.24	-1.02
15-year mortgage, fixed <sup>†</sup>	5.67	5.65	-0.85
Jumbo mortgages, \$726,200-plus <sup>†</sup>	6.42	6.43	-0.85
Five-year adj mortgage (ARM) <sup>†</sup>	5.89	5.90	0.39
New-car loan, 48-month	7.01	7.02	0.90

Bankrate.com rates based on survey of over 1,500 online banks. \*Base rate posted by 70% of the nation's largest banks. † Excludes closing costs.

Sources: FactSet; Dow Jones Market Data; Bankrate.com

Treasury yield curve

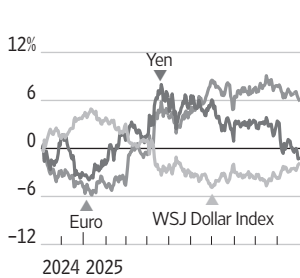
Yield to maturity of current bills, notes and bonds



Sources: Tradeweb FTSE U.S. Treasury Close; Tullett Prebon; Dow Jones Market Data

Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Corporate Borrowing Rates and Yields

Bond total return index	Close	Yield (%) Last	52-Week Week ago	High	Low	Total Return (%) 52-wk	3-yr
U.S. Treasury Bloomberg	2326.990	3.920	3.810	4.640	3.760	5.641	4.381
U.S. Treasury Long Bloomberg	3251.510	4.670	4.550	5.120	4.410	4.325	2.728
Aggregate, Bloomberg	2235.840	4.350	4.220	5.110	4.200	6.546	5.688
Fixed-Rate MBS, Bloomberg	2228.490	4.670	4.530	5.520	4.490	7.721	5.949
High Yield 100, ICE BofA	4070.749	6.460	5.828	7.793	5.828	7.792	10.278
Muni Master, ICE BofA	615.004	3.368	3.324	4.179	3.158	3.542	4.791
EMBI Global, J.P. Morgan	1008.073	6.608	6.573	8.038	6.553	12.106	12.164

Sources: J.P. Morgan; Bloomberg Fixed Income Indices; ICE Data Services

Percentage Losers

Company	Symbol	— Latest Session —			— 52-Week —		
		Close	Net chg	% chg	High	Low	% chg
uniQure	QURE	34.29	-33.40	-49.34	71.50	5.35	516.7
Nomadar	NOMA	11.50	-9.50	-45.24	57.70	7.51	...
ALPS Group	ALPS	1.42	-1.14	-44.53	15.00	1.11	-87.6
Currenc Group	CURR	2.37	-1.41	-37.30	7.08	0.33	19.7
Alvotech	ALVO	5.03	-2.62	-34.25	13.70	4.81	-61.1
Cambium Networks	CMBM	2.04	-0.95	-31.77	6.80	0.23	55.7
Sable Offshore CI A	SOC	7.27	-3.19	-30.50	35.00	6.79	-68.2
NewcelX	NCEL	5.14	-2.15	-29.49	47.40	4.20	-88.3
Ambio Biotechnology	NNNN	12.29	-4.56	-27.06	55.65	5.18	...
2x Solana ETF	SOLT	12.77	-4.49	-26.01	35.30	7.74	...



COMMODITIES

[wsj.com/market-data/commodities](https://www.wsj.com/market-data/commodities)

Futures Contracts

Metal & Petroleum Futures						
	Open	Contract High hilo	Low	Settle	Chg	Open interest
<b>Copper-High (CMX)</b> -25,000 lbs.; \$ per lb.						
Nov	5.0880	5.0970	5.0275	<b>5.0470</b>	-0.0185	4,356
Dec	5.1000	5.1295	5.0185	<b>5.0690</b>	-0.0200	138,104
<b>Gold (CMX)</b> -100 troy oz.; \$ per troy oz.						
Nov	3976.20	4020.00	3959.00	<b>4000.30</b>	18.10	681
Dec	4001.00	4043.10	3971.30	<b>4014.00</b>	17.50	328,472
Jan'26	4014.90	4057.10	3993.10	<b>4030.90</b>	17.60	833
Feb	4027.70	4075.80	4005.00	<b>4047.40</b>	17.90	64,838
March	4052.70	4089.90	4025.10	<b>4061.80</b>	17.90	1,144
April	4071.00	4104.70	4035.70	<b>4077.20</b>	18.20	32,453
<b>Palladium (NYM)</b> -50 troy oz.; \$ per troy oz.						
Nov	1473.00	1473.00	▲ 1473.00	<b>1446.90</b>	2.20	85
Dec	1455.50	1486.50	1434.00	<b>1454.90</b>	-0.20	16,320
<b>Platinum (NYM)</b> -50 troy oz.; \$ per troy oz.						
Nov	1587.10	1596.30	▲ 1587.10	<b>1574.00</b>	4.20	155
Jan'26	1572.20	1618.60	1559.00	<b>1581.60</b>	6.00	68,969
<b>Silver (CMX)</b> -5,000 troy oz.; \$ per troy oz.						
Nov	47.825	48.350	47.825	<b>47.888</b>	-0.106	570
Dec	48.250	48.835	47.60	<b>48.049</b>	-0.111	105,276
<b>Crude Oil, Light Sweet (NYM)</b> -1,000 bbls.; \$ per bbl.						
Dec	61.40	61.50	60.51	<b>61.05</b>	0.07	315,965
Jan'26	61.00	61.14	60.21	<b>60.75</b>	0.15	256,305
Feb	60.62	60.85	59.96	<b>60.48</b>	0.22	116,988
March	60.42	60.66	59.80	<b>60.33</b>	0.27	157,551
June	60.33	60.61	59.80	<b>60.36</b>	0.32	173,693
Dec	60.02	60.51	59.76	<b>60.32</b>	0.27	186,219
<b>NY Harbor ULSD (NYM)</b> -42,000 gal.; \$ per gal.						
Dec	2.4009	2.4300	2.3751	<b>2.4053</b>	-0.067	114,243
Jan'26	2.3791	2.3997	2.3499	<b>2.3755</b>	-0.049	67,217
<b>Gasoline-NY RB08 (NYM)</b> -42,000 gal.; \$ per gal.						
Dec	1.9008	1.9281	1.8838	<b>1.9161</b>	-0.053	128,807
Jan'26	1.8645	1.8857	1.8463	<b>1.8752</b>	-0.040	78,938
<b>Natural Gas (NYM)</b> -10,000 MMBtu.; \$ per MMBtu.						
Dec	4.160	4.298	4.087	<b>4.266</b>	-0.142	205,497
Jan'26	4.410	4.518	4.343	<b>4.501</b>	-0.132	233,409
Feb	4.163	4.259	4.101	<b>4.247</b>	-0.117	118,280
March	3.793	3.868	3.726	<b>3.858</b>	-0.097	216,405
April	3.680	3.738	3.629	<b>3.733</b>	-0.072	126,551
May	3.717	3.758	3.654	<b>3.753</b>	-0.065	102,992
<b>Agriculture Futures</b>						
<b>Corn (CBT)</b> -5,000 bu.; cents per bu.						
Dec	431.00	435.00	427.75	<b>434.25</b>	2.75	661,306
March'26	443.25	447.50	440.50	<b>446.75</b>	2.75	441,115
<b>Oats (CBT)</b> -5,000 bu.; cents per bu.						
Dec	290.25	298.50	290.25	<b>296.25</b>	6.50	5,104
March'26	309.50	318.00	309.50	<b>316.25</b>	6.50	1,172
<b>Soybeans (CBT)</b> -5,000 bu.; cents per bu.						
Nov	1099.00	1120.75	▲ 1099.00	<b>1119.75</b>	20.00	4,807

Dividend Changes

Company	Symbol	Yld%	Amount New/Old	Payable/ Record	Frq
<b>Increased</b>					
AbbVie	ABBV	3.3	1.73/1.64	<b>q</b>	Feb17/Jan16
BOK Financial	BOKF	2.4	.63/.57	<b>q</b>	Nov26/Nov12
Commerce Bancshares	CBSH	2.1	2.75/2.619	<b>q</b>	Dec15/Dec02
El Paso Engy Cp I pfcd.	EPc	4.8	.94/.9375	<b>q</b>	Dec31/Dec15
Entergy	ETR	2.6	.64/56.60	<b>q</b>	Dec01/Nov13
ExxonMobil	XOM	3.6	1.03/.99	<b>q</b>	Dec10/Nov14
Leidos Holdings	LDOS	0.9	.43/.40	<b>q</b>	Dec31/Dec15
North Eur Oil Royalty Tr	NRT	13.5	.31/.26	<b>q</b>	Nov26/Nov14
OneMain Holdings	OMF	6.8	1.05/1.04	<b>q</b>	Nov14/Nov10
Strategy 9% Perp. Pfd. A	STRC	10.3	.875/.85417	<b>m</b>	Nov30/Nov15
<b>Stocks</b>					
Commerce Bancshares	CBSH	2.1	5.00%		Dec16/Dec02

Cash Prices |

[wsj.com/market-data/commodities](https://www.wsj.com/market-data/commodities)

Monday, November 3, 2025

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	Monday	Monday
<b>Energy</b>			
Coal,C,Aplc.,12500Btu.,L2502-r,w	<b>80.000</b>		
Coal,PwdrRvrBsn,8800Btu.,0.8502-r,w	<b>14.900</b>		
<b>Metals</b>			
<b>Gold, per troy oz</b>			
Engelhard industrial	<b>4017.00</b>		
LBMA Gold Price AM	<b>*4013.20</b>		
LBMA Gold Price PM	<b>*4011.50</b>		
Kruggerand,wholesale-e	<b>4166.97</b>		
Maple Leaf-e	<b>4207.04</b>		
American Eagle-e	<b>4207.04</b>		
Mexican peso-e	<b>4838.88</b>		
Austria crown-e	<b>3930.37</b>		
Austria phil-e	<b>4207.04</b>		
<b>Silver, troy oz.</b>			
Engelhard industrial	<b>48.9500</b>		
Handy & Harman base	<b>48.4750</b>		
Handy & Harman fabricated	<b>60.5940</b>		
LBMA spot price	<b>*£37.3000</b>		
(U.S.\$ equivalent)	<b>*48.9600</b>		
Coins,wholesale \$1,000 face-a	<b>34840</b>		
<b>Other metals</b>			
LBMA Platinum Price PM	<b>*1589.0</b>		
LBMA Palladium Price PM	<b>*1465.0</b>		
Platinum,Engelhard industrial	<b>1587.0</b>		
Palladium,Engelhard industrial	<b>1468.0</b>		
Aluminum,LME,\$ per metric ton	<b>*2885.0</b>		
<b>Copper,Comex spot</b>			
	<b>5.0470</b>		
Iron Ore,62% Fe CFR China-s	<b>*107.4</b>		
Steel,HRC USA, FOB Midwest Mill-s	<b>*845.0</b>		
<b>Battery/EV metals</b>			
BMI Lithium Carbonate, EXW China >99.5%-v,w	<b>10925</b>		
BMI Lithium Hydroxide, EXW China >56.5%-v,w	<b>10475</b>		
BMI Cobalt sulphate, EXW China >20.5%-v,w	<b>12338</b>		
BMI Nickel Sulphate, EXW China >22%-v,k	<b>3966</b>		
BMI Flake Graphite, FOB China >100 Mesh, 94-95%-v,m	<b>413</b>		
<b>Fibers and Textiles</b>			
Burlap,10-oz,40-inch NY yd-n,w	<b>1.2500</b>		
Cotton,11/16 std lw-mdMphs-u	<b>0.6318</b>		
Cotlook 'A' Index-t	<b>*76.45</b>		
Hides,hvy native steers piece fob-u	<b>n.a.</b>		
Wool,64s, staple, Terr del-u,w	<b>n.a.</b>		
<b>Grains and Feeds</b>			
Bran,wheat middlings, KC-u,w	<b>128</b>		
Corn,No.2 yellow,Cent IL-lb-p,u	<b>4.0500</b>		
Cottonseed meal-u,w	<b>n.a.</b>		
Hominy feed,Cent IL-l-u,w	<b>112</b>		
Meat-bone meal,50% pro Mnpls-u,w	<b>313</b>		
Oats,No.2 milling,Mnpls-u	<b>3.4625</b>		
Rice, Long Grain Milled, No. 2 AR-u,w	<b>32.00</b>		
SoybeanMeal,Cent IL,rail,ton48%-u,w	<b>325.60</b>		
Soybeans,No.1 yllw IL-lb-p,u	<b>11.0000</b>		
Wheat,Spring14%-pro Mnpls-u	<b>7.0350</b>		
Wheat,No.2 soft red,St.Louis-u	<b>5.4150</b>		
<b>Food</b>			
Beef,carcass equiv. index			
choice 1-3,600-900 lbs.-u	<b>358.29</b>		
select 1-3,600-900 lbs.-u	<b>338.80</b>		
Butter,National comp wtd. avg.-u,w	<b>1.0728</b>		
Butter,AA Chicago-d	<b>1.5775</b>		
Cheddar cheese,bbl,Chicago-d	<b>175.00</b>		
Cheddar cheese,blk,Chicago-d	<b>166.50</b>		
Milk,Nonfat dry,Chicago lb-d	<b>113.00</b>		
Coffee,Brazilian,Comp-y	<b>3.7245</b>		
Coffee,Colombian, NY-y	<b>3.9933</b>		
Eggs,large white,Chicago-u,w	<b>1.7450</b>		
Flour,hard winter KC-p	<b>15.15</b>		
Hams,17-20 lbs,Mid-US fob-u	<b>n.a.</b>		
Hogs,Iowa-So. Minnesota-u	<b>87.55</b>		
Pork bellies,12-14 lb MidUS-u	<b>n.a.</b>		
Pork loins,13-19 lb MidUS-u	<b>1.0775</b>		
Steers,Tex.-Okla. Choice-u	<b>235.79</b>		
Steers,feeder,Okla. City-u,w	<b>373.75</b>		
<b>Fats and Oils</b>			
Degummed corn oil, crude wtd. avg.-u,w	<b>n.a.</b>		
Grease,choice white,Chicago-h	<b>0.4400</b>		
Lard,Chicago-u	<b>n.a.</b>		
Soybean oil,crude,Cent IL-l-u,w	<b>0.4815</b>		
Tallow,bleach,Chicago-h	<b>0.4825</b>		
Tallow,edible,Chicago-u	<b>n.a.</b>		

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra, Tordella & Brookes; H=American Commodities Brokerage Co; K=bi-weekly; M=monthly; N=nominal; n.a.=not quoted or not available; P=Posland Publishing; R=SNL Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. \*Data as of 10/31

Source: Dow Jones Market Data

Borrowing Benchmarks |

[wsj.com/market-data/bonds/benchmarks](https://www.wsj.com/market-data/bonds/benchmarks)

Money Rates

November 3, 2025

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.

Inflation				
	Sept. Index level	Chg From (%) Aug. '25	Week High	—52-Week— High Low
			1.875	1.875 1.875 1.625
<b>U.S. consumer price index</b>				
All items	<b>324.800</b>	0.25	3.0	
Core	<b>330.804</b>	0.25	3.0	
<b>International rates</b>				
	Latest	Week ago	—52-Week— High	Low
<b>Prime rates</b>				
<b>U.S.</b>	<b>7.00</b>	7.25	8.00	7.00
Canada	<b>4.70</b>	4.70	5.95	4.70
<b>Policy Rates</b>				
Euro zone	<b>2.15</b>	2.15	3.40	2.15
Switzerland	<b>0.50</b>	0.50	1.50	0.50
Britain	<b>4.00</b>	4.00	5.00	4.00
Australia	<b>3.60</b>	3.60	4.35	3.60
<b>Overnight repurchase</b>				
U.S.	<b>4.13</b>	4.24	4.86	4.00
<b>U.S. government rates</b>				
<b>Discount</b>				
	<b>4.00</b>	4.25	5.00	4.00

Key Interest Rates

Data are annualized on a 360-day basis. Treasury yields are per annum, on actively traded noninflation and inflation-indexed issues that are adjusted to constant maturities. Data are from weekly Federal Reserve release H.15.

	Week Ended Oct 31	—52-Week— Oct 24	High	Low
<b>Federal funds (effective)</b>				
	<b>4.11</b>	4.11	4.83	4.08
<b>Commercial paper</b>				
Nonfinancial				
1-month	<b>3.95</b>	4.00	4.74	3.95
2-month	<b>3.93</b>	3.93	4.67	3.93
3-month	<b>3.87</b>	3.90	4.65	3.85
Financial				
1-month	<b>3.95</b>	4.02	4.71	3.95
2-month	<b>3.87</b>	n.a.	4.72	3.87
3-month	<b>n.a.</b>	3.93	4.66	3.93
<b>Discount window primary credit</b>				
	<b>4.00</b>	4.25	5.00	4.00
<b>Treasury yields at constant maturities</b>				
1-month	<b>4.06</b>	4.12	4.83	4.06
3-month	<b>3.90</b>	3.95	4.66	3.90
<b>TIPS</b>				
5-year	<b>1.29</b>	1.24	2.05	1.18
7-year	<b>1.53</b>	1.47	2.17	1.43
10-year	<b>1.77</b>	1.71	2.29	1.70
20-year	<b>2.18</b>	2.14	2.52	2.07
Long-term avg	<b>2.31</b>	2.28	2.64	2.14

Notes on data:  
**Federal funds rate** is an average for the seven days ended Wednesday, weighted according to rates on broker trades. **Commercial paper rates** are discounted offer rates interpolated from sales by discounted averages of dealer bid rates on nationally traded certificates of deposit. **Discount window primary credit rate** is charged for discounts made and advances extended under the Federal Reserve’s primary credit discount window program; **rate** is average for seven days ended Wednesday. **Inflation-indexed long-term TIPS** average is indexed and is based on the unweighted average bid yields for all TIPS with remaining terms to maturity of 10 years or more;  
Sources: Federal Reserve; for additional information on these rate data and their derivation, please see, <https://www.federalreserve.gov/datadownload/Build.aspx?rel=H15>

Federal funds				
Effective rate	<b>3.8700</b>	4.1100	4.8300	3.8700
High	<b>3.9500</b>	4.2000	5.0500	3.9500
Low	<b>3.8000</b>	4.0500	4.8000	3.8000
Bid	<b>3.8600</b>	4.1000	4.8200	3.8600
Offer	<b>3.8800</b>	4.1200	4.8300	3.8800
Treasury bill auction				
4 weeks	<b>3.910</b>	3.945	4.580	3.910
13 weeks	<b>3.815</b>	3.730	4.440	3.730
26 weeks	<b>3.700</b>	3.640	4.340	3.640







MARKETS

# S&P and Nasdaq Advance On Latest AI Dealmaking

Amazon, IREN, Nvidia benefit from investor excitement over technology

By Vicky Ge Huang

The S&P 500 and Nasdaq composite rose on the first trading day of November, fueled by investor optimism over companies’ continued spending spree on artificial intelligence.

MONDAY'S MARKETS

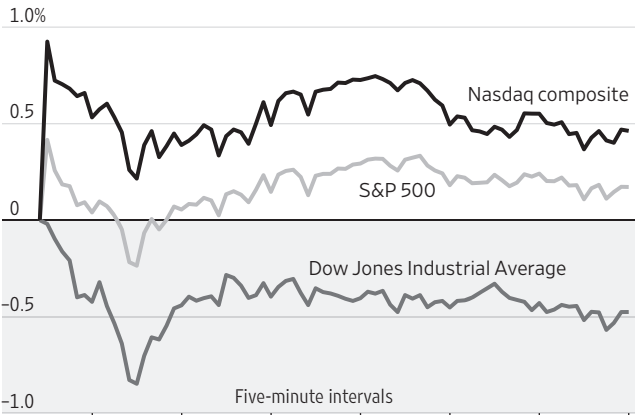
The broad-based S&P index rose 0.2%, and the tech-heavy Nasdaq gained 0.5%. The Dow Jones Industrial Average fell 0.5%, or about 226 points.

The week opened with a flurry of AI deals. Shares of **Amazon.com** advanced 4% to close at a record after the cloud company reached a \$38 billion multiyear deal with OpenAI.

Data-center company **IREN** surged 12% after signing a \$9.7 billion deal with Microsoft. Chip maker **Nvidia** rose 2.2% after **Microsoft** said it has secured U.S. approval to ship Nvidia chips to the United Arab Emirates for AI data centers.

“You see bigger tech companies really driving the bulk of gains today, but a lot of weakness is being masked in

Index performance on Monday



Source: FactSet

other sectors,” said Callie Cox, chief market strategist at Ritholtz Wealth Management. “People are excited about the AI trade, and they are looking to rush in before the tide turns.”

Stocks are coming off a robust October in which chip stock **Advanced Micro Devices** was the best performer in the S&P 500.

Historically, November is one of the market’s strongest months, with both the Dow and S&P averaging a gain of more than 1% and the Nasdaq typically advancing more than 2%, according to Dow Jones Market Data.

The yield on the 10-year Treasury note edged higher to

4.106%.

Still, investors face significant uncertainty, driven by tariffs and economic concerns, for the rest of the year.

The government shutdown, now at 34 days, is affecting consumer sentiment and confidence, and Democratic senators are urging President Trump to engage directly in talks to end the impasse.

In the absence of official government statistics, investors are using private-sector data and earnings results to fill the gap.

More than 60% of the companies in the S&P 500 had reported earnings as of Friday, and the vast majority of those have beaten analyst expecta-

tions.

Meanwhile, a survey of manufacturing firms shows that U.S. factory activity unexpectedly retreated at a slightly sharper pace in October.

Investors are also seeking more clarity on the jobs market, with some viewing Wednesday’s ADP jobs report as a potential indicator of labor-market health.

“We are working our way through with the private-sector data and in earnings reports. As long as those aren’t faltering, I think this market remains OK,” said Rob Hawthorth, senior investment strategy director at U.S. Bank Wealth Management.

Elsewhere, **Kenvue**’s stock jumped 12% after **Kimberly-Clark** agreed to buy the Tylenol maker for more than \$40 billion. Shares of Kimberly-Clark slid 15%.

AUCTION RESULTS

Here are the results of Monday’s Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

	13-Week	26-Week
Applications	\$229,426,851,900	\$228,295,310,400
Accepted bids	\$90,057,851,900	\$80,633,648,600
* noncomp	\$1,821,843,700	\$1,537,448,200
* foreign noncomp	\$2,000,000,000	\$100,000,000
Auction price (rate)	99.035653 (3.815%)	98.129444 (3.700%)
	3.906%	3.823%
Bids at clearing yield accepted	88.10%	76.74%
	912797RL3	912797SP3

Both issues are dated Nov. 6, 2025. The 13-week bills mature on Feb. 5, 2026; the 26-week bills mature on May 7, 2026.

## STOCK SPOTLIGHT

Kenvue

Shares of the Tylenol maker jumped 12% on the news that Kimberly-Clark would purchase the company. Shares in the Huggies maker skidded, closing down 15%.

Amazon.com

OpenAI agreed to pay \$38 billion for computing power in a multiyear deal that marks the first partnership between the startup and the cloud giant. Amazon’s stock jumped 4%.

Berkshire Hathaway

Warren Buffett’s conglomerate said its earnings rose 17% after its insurance business picked up last quarter. In addition, its trove of cash and equivalents hit a record high. The stock barely budged on Monday, edging down 0.4%.

IREN

The bitcoin miner and data-center company struck a \$9.7 billion lease agreement for Microsoft to use its Nvidia chips. To meet demand, IREN made a separate \$5.8 billion deal with Dell to purchase graphics processing units and related equipment. IREN shares leapt nearly 12%. Dell closed down 1.2%.

Palantir

The artificial-intelligence data-analysis company posted strong results after the market closed. Its shares closed up 3.4%, and rose in aftermarket trading.

Metsera

Drugmaker Pfizer sued to

block the obesity-drug developer from terminating their merger, after Novo Nordisk made a rival takeover bid. Metsera’s stock declined 3.7%.

Aurinia Pharmaceuticals

The Canadian pharmaceutical company sued a Food and Drug Administration official. Dr. George Tidmarsh, who had been hired to lead the FDA’s drug division in July, resigned on Sunday. The stock closed flat on Monday.

CompoSecure

The credit-card manufacturer is set to acquire Husky Technologies, a molding-equipment provider, from Platinum Equity for roughly \$5 billion, including debt. CompoSecure shares pared early gains of more than 20%, closing 3.4% higher on the day.

### TUESDAY'S EVENTS:

◆ Elections: Gubernatorial in New Jersey and Virginia, mayoral in New York and California’s redistricting vote

◆ Fed speaker: Vice Chair for Supervision Michelle Bowman speaks on bank supervision and monetary policy

### EARNINGS EXPECTED:

AMD, Amgen, Apollo Global Management, Marriott International, Pfizer, Shopify, Uber

## Lookout For Fraud Intensifies

Continued from page B1

Uzzi & Lall, a restructuring adviser that works with both borrowers and financing providers. “People are really starting to ask: ‘how does this happen?’”

The worries emerged in late September, when the aftermarket auto parts supplier First Brands filed for bankruptcy amid questions over whether it had pledged the same accounts receivable to different lenders. Around the same time, the now-defunct auto dealer and subprime lender Tricolor also filed for bankruptcy, facing similar allegations that it fabricated or double-pledged consumer auto loans.

Since then regional banks including Utah-based Zions Bancorp have taken losses on loans to California real-estate investors, who they have accused of fraud. A recent bankruptcy filing also increased scrutiny of an accusation of fraud made by BlackRock’s private-credit arm against one of its borrowers, the owner of two little-known telecom-services companies.

By then, fraud was the talk of industry gatherings. One industry group, the Structured Finance Association, convened what it calls a “Fraud Mitigation Task Force,” which will meet regularly over the next several months with the goal of presenting findings at a conference in late February.

The group represents participants in one part of the credit market that bundles together pools of loans which are then used to back tiers of bonds of different credit ratings. That corner of the market has only been directly affected by alleged fraud involving Tricolor.

But Michael Bright, the CEO of the association, said that the new task force will focus on what types of fraud lenders should be looking for and what processes they should follow to detect them—findings that could be relevant to other types of lending. The effort will include representatives from across SFA’s membership, which includes Wall Street banks, asset managers and the Big Four accounting firms.

Since the structured finance industry’s role bundling

bad loans into supposedly safe bonds ahead of the 2008-09 financial crisis, it has become much more regulated and members have taken pride in their improved lending practices.

That, Bright said, has added to the sense of urgency now to figure out whether recent fraud “is a one-off, or something systemic.”

The collapse of First Brands in particular has brought attention to how a variety of lenders from banks to asset management and private credit investors have been jumping into increasingly popular asset-based finance strategies, including providing short-term working capital financing backed by receivables.

Those strategies remain popular. But now, some of those lenders are asking to take a look at companies’ record of payments on receivables stretching back years rather than months and inserting language into loan agreements that allow them to do more regular appraisals on the collateral, said Adams of Uzzi & Lall.

Academic studies have suggested that corporate fraud tends to increase during good, if not great, financial environments, when businesses have an incentive to fudge numbers

to get funding, said Alexander Dyk, a professor at the Rotman School of Management at the University of Toronto.

In the past, increased revelations of fraud have sometimes coincided with economic downturns and increased default rates. But in this case, default rates on low-rated corporate debt haven’t been surging, and the latest data have generally pointed to a stable economy.

As a result, demand for corporate bonds and loans has remained robust in recent days and weeks, enabling continued borrowing by companies.

One pocket of weakness has been bonds backed by subprime auto loans, where Tricolor’s bankruptcy has exacerbated already existing concerns about low-income car buyers falling behind on their debt payments.

Prices of those bonds have slumped in recent weeks, pushing their yields higher relative to those of ultrasafe Treasuries.

Investors are “being cautious around Tricolor, kind of taking a step back, thinking about could this happen to other issuers, and then there’s concern about consumer credit,” said Theresa O’Neil, an asset-backed securities strategist at Bank of America.



At Northwestern’s Kellogg School of Management, AI is turning the old case-study method on its head.

# AI Is Now Teaching Classic Case Studies To a New Generation of M.B.A. Students

By LINDSAY ELLIS

When students turn to artificial intelligence to do assignments, it’s usually to do the work easier, faster and, to the chagrin of educators, with less brain power. Not so at Northwestern University, where AI is revolutionizing the cornerstone of American business education—the case study.

For more than a century, M.B.A. students have learned business strategy through the case method. Professors assign write-ups of real-life corporate challenges. Students pore over pages of charts and reports on executives’ perspectives, then debate in class the best plan of attack.

At Northwestern’s Kellogg School of Management, AI is turning that method on its head. Students no longer read through every available factoid on, say, Walmart’s wages for hourly workers and write a memo—tasks easily circumvented with generative AI tools. Instead, they draw out details and data through open-ended conversations with AI chatbots and then craft a strategy.

Students who have worked through the AI-guided case—this one involves helping a school district erase a \$50 million deficit fueled by transportation costs—say it more closely resembles what consultants and business leaders do in the real world: You aren’t handed information. You must determine what you need to know from a cast of

AI-created school officials and employees.

“We started to fight fire with fire,” says Kellogg associate professor Sébastien Martin, who created the tool—not as a shortcut but to slow students down and force them to think and engage.

Most of them exchange an average of more than 50 messages with each character as they try to solve the school’s budget crisis, Martin said. He and colleague Daniela Hurtado Lange began designing and crafting the AI school-district case in early 2025 and rolled it out to students a few months later. Martin estimates more than 2,000 students have used AI cases as more professors integrate them into classes.

### Consultant ‘PTSD’

At Kellogg, one-third of the Class of 2026 worked as consultants before enrolling. A slightly bigger share of last year’s graduates landed in the field after graduation, making a median annual salary of \$190,000. Similarly high percentages of students pursue consulting at other top business schools, including programs at Yale, Dartmouth and the University of Chicago.

“This is the exact kind of case that would come to me in consulting,” said Aayush Khanna, 26, a second-year M.B.A. at Kellogg. Conversing with the chatbots felt so real, he said, that some of his classmates felt “PTSD” from their

pre-M.B.A. careers in consulting, he said.

AI isn’t the first technology to transform the case method. A 1984 Boston Globe article detailed the “case study in anxiety” at Harvard Business School when students began more widely using personal computers.

Now at HBS, students are allowed to use technology including AI tools before and after class, but the classrooms themselves are generally tech-free, said Mitchell Weiss, an HBS faculty chair who teaches a second-year elective course that heavily integrates AI.

In Weiss’s public-entrepreneurship class, students practice selling police-record management systems to a chatbot posing as a police chief. Then, in class, they practice selling to one another—in front of a corporate-account executive—before selling to an interactive avatar. In another case, an AI tool evaluates students’ spreadsheets forecasting funding.

Weiss has developed a similar experiment to Martin’s at Kellogg, having students collect information through interviews with AI chatbots for a case. One recent topic was sovereign AI—whether countries needed to develop their own AI. The AI exercise was more challenging for the students than the traditional method, Weiss said, because they needed to gather and prioritize the information themselves.

There were also some kinks to work out, Weiss found. Unlike a typical case that gives all

students access to the same information, they came to the AI case class with different facts because they asked the bots different questions.

### Virtual characters

In the Kellogg school-district case, the AI-created superintendent shares that the transportation budget has become untenable. The students are tasked with delivering concrete recommendations on how to cut costs. The students then text with the five virtual AI-created characters—the superintendent, a principal, a bus driver and district finance and operations chiefs—that respond to users conversationally.

Each character has its own personality and approach. The bus driver explains she has driven for the district for 23 years and, when prompted, details everything on her route from the double-parked cars and narrow streets to her Dunkin’ order. Principal David Rodriguez says he is heartbroken when he hears of students having to wake up at 4:30 a.m. to make it to school, given the bus schedule.

“Some of the chatbots really wanted to talk to you. Some were not interested in you being there,” said Caroline Harmenting, a second-year M.B.A. who worked as a consultant before attending Kellogg.

It isn’t quite a substitute for talking to real people, she said, but it was much more like “something you might do in the real world.”



# HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

## Starbucks Has Rival for Coffee’s Future

Younger drinkers love it icy, sweet and made for a drive-through selfie. One upstart chain is capitalizing on that shift.

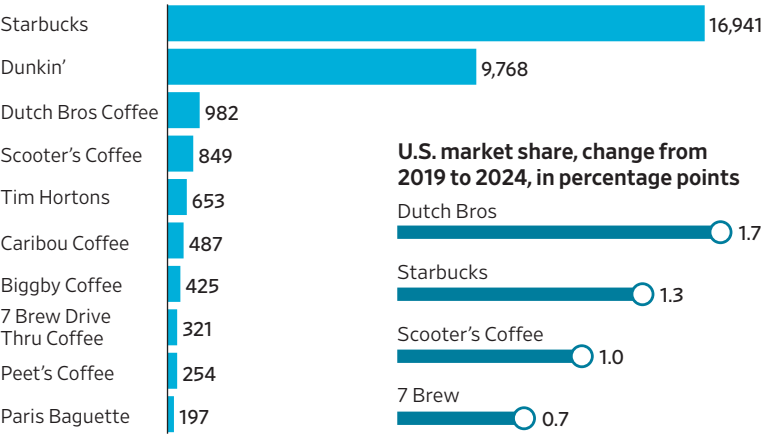
Coffee is one of the most profitable and habit-forming products in the restaurant business. Yet few have cracked the code to become ubiquitous.

Ever since Howard Schultz transformed a small Seattle coffee retailer into a global powerhouse—now with just under 17,000 stores in the U.S.—few have managed the leap from regional favorite to national brand. The numbers tell the story: Despite dozens of smaller chains and thousands of independents, **Starbucks** and Dunkin’ still control about 85% of the U.S. coffee market measured by sales, according to Morgan Stanley.

There are signs that might be changing. A wave of coffee chains with national ambitions—not to mention fast-food chains including McDonald’s and Taco Bell—are undercutting Starbucks’s dominance. This competition reflects both the category’s growth and the realization across the restaurant industry that caffeinated beverages are simply too profitable to ignore. It is also being driven by evolving tastes, especially among members of Gen Z.

In the U.S., no brand captures that shift better than **Dutch Bros**, another Pacific Northwest chain. If you live on the East Coast you might not have heard of it, but chances are you soon will. Dutch Bros now has nearly 1,000 drive-through shops mostly in the West and South, with a long-term goal of more than quadrupling that as it expands around the country. Founded in the 1990s by two brothers who left dairy farming to sell espresso from a pushcart in Grants Pass, Ore., its formula is simple: brightly flavored, highly customizable drinks served by upbeat “broistas” who try to remember your name and are probably on too

Top 10 coffee players in the U.S. Number of locations, as of 2024



Sources: Technomic, Morgan Stanley (locations); UBS, the companies (market share)

**Dutch Bros. has nearly 1,000 drive-through shops, with a long-term goal of quadrupling that as it expands around the country.**

much caffeine.

Dutch Bros has tapped into Gen Z tastes. More than food, coffee preferences diverge sharply by generation, says Logan Reich, an analyst at RBC Capital Markets. “Everyone likes a chicken sandwich,” he notes, but while older consumers still drink hot, black coffee, younger ones gravitate toward colorful energy drinks and iced concoctions that look perfect drizzled with caramel on TikTok.

Dutch Bros says it is positioned at the crossroads of those shifting habits. The company says about half its frequent customers are Gen Z (roughly ages 13 to 28) or millennials (roughly 29 to 44), with Gen Z especially drawn to iced and customizable drinks: 94% of their orders are cold and one-third are energy-based—the core of the Dutch Bros menu. Options range from iced coffee with protein powder to the Annihilator, with chocolate

macadamia-nut syrup and half-and-half. For those courting cardiac adventure, there’s the 911: six espresso shots with half-and-half and Irish-cream syrup.

Starbucks repackaged Italy’s coffee ritual for American tastes, popularizing the iced coffee craze through its Frappuccinos. Dutch Bros takes that culture to an extreme. Its drinks are sweet, customized and served in oversize plastic cups meant to go. That suits the U.S. market well, where roughly 80% of beverage occasions are consumed on the go, according to Dutch Bros.

While Dutch Bros has grown rapidly, doubling its stores from about 500 in 2021 to more than 1,000, it still has plenty of room to run.

The company has only recently rolled out mobile ordering, is testing food options, and expects to double its footprint again to more than 2,000 stores by the end of the



decade.

Revenue at Dutch Bros has risen from \$498 million in 2021 to \$1.3 billion last year, and analysts on FactSet expect it to reach nearly \$3 billion by 2028. The stock trades at an enterprise value of just under 23 times forward earnings before interest, taxes, depreciation and amortization. That doesn’t look so expensive compared with other high-growth dining peers such as Cava, at over 30, and **Wingstop**, at about 24, according to FactSet.

The recent challenges plaguing Starbucks, which last week reported flat U.S. comparable-store sales after seven straight quarters of declines, are a reminder that growth brings risk. Size can erode quality. Some customers already complain that Dutch Bros’ hallmark friendliness as stores multiply. Drive-through lines sometimes snake around parking lots, testing its balance between service and

speed.

And Dutch Bros is just one of many upstarts growing rapidly, especially in the drive-through area. Private-equity-backed 7 Brew, a Dutch Bros look-alike, is adding stores quickly while **Black Rock Coffee**, with roughly 150 stores, just went public and is aiming for 1,000 stores in the next 10 years.

Not everyone will meet investors’ growth expectations. Many coffee companies have tried and failed to grow from midsize chains to national powerhouses. But the \$50 billion away-from-home coffee market has room for more than one giant. Dutch Bros and others could keep rising even as Starbucks, under new leadership, tries to rediscover its footing.

Either way, Starbucks no longer owns the neighborhood. The next coffee era will be far more diffused—and more competitive.

—David Wainer

## The Kids Aren’t Alright

The stereotype about English majors winding up as baristas was never particularly accurate, but even that career path is suddenly looking tough.

Coffee giant **Starbucks** closed hundreds of stores in late September. Its reasons became clearer last week when it reported disappointing results. Adjusted for the number of cafes, transactions in North America fell 1% in its most-recent quarter versus a year earlier. The average order rose by less than inflation.

Starbucks isn’t the only food-and-drink establishment struggling. Most had relied disproportionately on a free-spending demographic—young, educated Americans. **Chipotle** shares fell 23% last week after it released disappointing results. Chief Executive Scott Boatwright said customers in their late 20s to early 30s are “facing several

headwinds, including unemployment, increased student-loan repayment and slower real wage growth.” Meanwhile, shares of **Cava** and **Sweetgreen** have lost more than half of their value this year.

College graduates are having trouble finding good jobs and AI might partially be to blame. The latest reading is from August, but unemployment among 20-24 year olds with a bachelor’s degree was the highest in more than a decade, excluding the pandemic.

Another sign of slim pickings: Applications to law schools were up 28% year over year as of last week and up 73% from two years ago, according to the Law School Admissions Council. While seeking a professional degree has long been an option for riding out a soft patch, they might just be delaying the pain: Aspiring lawyers are among the most-exposed to being replaced

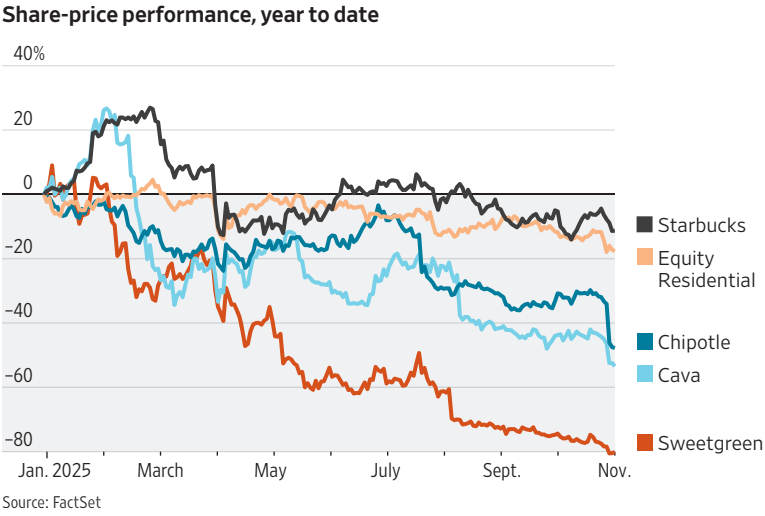
by AI.

A report last month from outplacement firm Challenger, Gray & Christmas highlighted another high-paying sector disappointing applicants. “Tech firms are undergoing incredible disruption with AI that is not only costing jobs, but also making it difficult to land positions,” it said.

Poor career prospects for people who had expected to earn a lot isn’t enough to send the U.S. economy into a recession. It could feel like one for businesses that benefited from their carefree ways, though.

Making coffee at home or packing a lunch are obvious ways to stretch their dollars. Living with roommates, choosing a cheaper neighborhood or moving back in with mom and dad are others.

That couldn’t come at a worse time for landlords like **Equity Residential**. The multifamily building



boom that kicked off during the pandemic combined with weaker demand have resulted in the slowest apartment-rent growth in years. Prices of the five largest apartment real estate investment trusts are down by an average of 18% in the year to date.

What’s next? Watch travel, lei-

sure, fast-fashion, video games, “affordable” luxury, food delivery and e-commerce.

AI may well be the productivity miracle that keeps the U.S. economy growing, but young, educated people and the businesses that depend on them seem like collateral damage.

—Spencer Jakab

### BUSINESS & FINANCE

## Chipotle’s Big Bet on Younger Consumers Is Unraveling

By Heather Haddon

An uncertain U.S. economy is catching up to younger Americans—and **Chipotle Mexican Grill**.

The Mexican-inspired chain has spent years cultivating a younger clientele, pitching its burritos and bowls as nutritious, protein-packed meals for gym bros and healthy eaters. Chipotle sponsors videogame competitions, and some dedicated fans dub themselves “Chipotle Boys.”

Millennials and Gen Zers have helped power Chipotle’s sales despite rising menu prices and slowdowns at rival chains. In recent months, though, a harsher economic reality has set in: Rising student-loan payments, stagnant wage growth and higher health-insurance costs have bumped burritos down younger consumers’ priority lists.

“They’re just eating with us less frequently, and they’re eating at home more often,” Chipotle Chief Executive Scott Boatwright said in an inter-

view.

One is Sean Chopra, a 23-year-old law-school student at the University of California, Los Angeles. Chopra typically stopped at Chipotle several times a week, but lately decided he could make more Mexican-style food at home.

“It isn’t that difficult to replicate what you get there,” Chopra said. He has cut back his Chipotle habit to twice a month.

Chipotle said last week that its customer traffic slid over the three months ended Sept. 30, and for a third consecutive quarter the company cut its forecast for same-store sales growth. Consumers from 25 to 35 years old, who account for roughly one-quarter of Chipotle’s sales, are pulling back on visits, Boatwright said.

The company’s shares have swooned since the Oct. 29 report. Other fast-casual restaurant stocks, including **Cava** and **Sweetgreen**, also declined ahead of their own earnings reports scheduled for the week ahead.



Traffic has slowed as more people eat at home to save money.

### Thrifty eaters

Eating out less is one way young Americans are looking to save. More than half of Gen Z respondents, or those in their teens and 20s, cited restaurants as an area of spending where they planned to cut back in the next six months, according to an online survey of 1,000 young people by accounting firm PricewaterhouseCoopers.

That is where Chipotle’s

strength with younger consumers has become a vulnerability. Market-research firm Numerator said that millennial and Gen Z members account for a higher proportion of consumers at Chipotle than many other restaurant chains.

Jack Saia, a 21-year-old senior at Massachusetts’ Bentley University, said he still goes to Chipotle but feels increasingly budget-conscious. Saia said he is looking for a job and, given

the tough labor market, many of his friends also are counting their pennies. “This is directly linked to less spending among people my age,” said Saia. “There is more thought behind small decisions like eating out.”

Chipotle rapidly raised menu prices after the Covid-19 pandemic, pointing to growing costs for food and labor. While other chains lost traffic, Chipotle until recently had hung on to many of its customers, who tend to earn higher incomes than fast-food regulars.

Executives said last week that some eaters might think Chipotle’s prices are higher than they are—in the \$15 neighborhood, versus the \$10 price point the chain said is more common. Still, Chipotle plans to step up digital deals and avoid steep price hikes.

Kemari Ombonga, a 32-year-old San Francisco resident, said he has gotten more judicious about his Chipotle orders, and online coupons for free guacamole or drinks are mandatory. “I’m not getting double meat anymore,” said Ombonga.

### Push and pull

Some of Chipotle’s younger customers are spending their food dollars elsewhere. Sit-down restaurants such as Chili’s are drawing more customers with their deals and generating buzz online.

Visits to casual-dining restaurants rose 1.1% from the start of the year through Oct. 5, while traffic to fast-casual chains such as Chipotle declined 1.4%, according to market-research firm Black Box Intelligence.

Boatwright said Chipotle is stepping up promotions aimed at younger consumers, including a rewards program focused on college students. Chipotle also has rolled out deals through digital games.

Spencer Winston, 26, a self-described “Chipotle Boy,” said the recent deals have kept him going back. “It honestly felt like Chipotle was paying attention to its regulars,” said Winston, a development manager at a hotel company in Raleigh, N.C.