

THE WALL STREET JOURNAL.

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DJIA 48739.41 ▲ 238.14 0.49% NASDAQ 22807.48 ▲ 1.3% STOXX 600 612.71 ▲ 1.4% 10-YR. TREAS. ▼ 7/32, yield 4.081% OIL \$74.66 ▲ \$0.10 GOLD \$5,120.20 ▲ \$12.80 EURO \$1.1636 YEN 157.07

What's News

Business & Finance

- ◆ **Major U.S. stock indexes** rose on investors' hopes the conflict in the Middle East would be brief and relatively contained. The S&P 500, Nasdaq and Dow climbed 0.8%, 1.3% and 0.5%, respectively. **B1**
- ◆ **The U.S.-Israeli attacks** against Iran halted a weeks-long rally in U.S. government bonds, pushing the yield on the 10-year Treasury note back above 4%. **B1**
- ◆ **China signaled** the world's second-largest economy is entering an era of slower expansion, setting a target for GDP growth of between 4.5% and 5% this year. **A1**
- ◆ **Morgan Stanley is** laying off around 3% of its workforce, or about 2,500 people, in cuts that touch the bank's three major divisions. **B1**
- ◆ **Job growth in the** private sector held up well in February, with U.S. payrolls increasing by 63,000 positions, ADP data show. **A2**
- ◆ **Kraken's banking unit** won access to the Fed's core payment systems, making it the first crypto firm to be able to move money in the way banks and credit unions do. **B1**
- ◆ **CBS News signed a** new contract with "CBS Mornings" co-host Gayle King, securing a high-profile talent amid a shake-up of the network. **B3**
- ◆ **Aperol maker Campari** set out cautiously positive guidance for a year in which it expects sales and earnings growth to be tempered by tariffs and currency effects. **B2**
- ◆ **Microsoft said it** helped pull the plug on a massive criminal platform that sold ready-made online hacking kits to cybercriminals. **B4**

Worldwide

- ◆ **A torpedo from an** American submarine sank an Iranian warship in the Indian Ocean, Defense Secretary Pete Hegseth said, while the U.S. also shot down an Iranian missile that was heading toward a key Turkish military base. **A1, A5-8**
- ◆ **Israel carried out** airstrikes targeting people responsible for Iran's internal security, from members of the Basij paramilitary force to senior intelligence officials. **A5**
- ◆ **The son of Iran's** slain theocratic leader is a top contender to replace his father. **A7**
- ◆ **A trade court judge** ordered the Trump administration to start refunding the more than \$130 billion it collected from the global tariffs the Supreme Court invalidated. **A1**
- ◆ **Republican Rep. Tony** Gonzales admitted to an affair with a staffer who later killed herself, making the comments after he advanced into a runoff to defend his seat in Texas. **A4**
- ◆ **Rep. Dan Crenshaw** of Texas, once viewed as a rising star in the GOP, became the first House incumbent to lose in a 2026 primary. **A4**
- ◆ **The U.S. military** said it launched a joint operation with Ecuador against drug gangs as the Trump administration expands its campaign against drug traffickers in Latin America. **A9**
- ◆ **The House Oversight** Committee voted to subpoena Attorney General Pam Bondi to testify about the handling of the Epstein files. **A2**
- ◆ **Died: Lou Holtz**, 89, storied college football coach. **A16**

CONTENTS Markets Digest... B7
 Arts in Review... A12 Opinion... A13-15
 Biggest Stocks... B9 Personal Journal A10-11
 Business & Finance B23-610 Sports... A16
 Crossword... A11 Technology... B4
 From Page One... A9 U.S. News... A2-4
 Heard on Street... B11 World News... A5-9



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An unexploded Iranian missile that landed in a field in eastern Syria became a dangerous plaything for a boy Wednesday.

U.S. Sub Torpedoes Iranian Warship

Navy shoots down a missile aimed at Turkey as NATO allies are drawn in

A torpedo from an American submarine sank an Iranian warship in the Indian Ocean, Defense Secretary Pete Hegseth said, while the U.S. also shot down an Iranian missile that was heading toward a key Turkish military base.

By Jared Malsin, Shelby Holliday and Lara Seligman

The dayslong Middle East conflict continued to expand well beyond Iran on Wednesday and risks pulling in America's NATO allies. Hegseth in a news conference put a longer time frame on the war, saying it could last as long as eight weeks.

Hegseth said the attack on the Iranian vessel marked the first such sinking of an enemy ship by a torpedo since World War II. The operation reflects Washington's determination to destroy Tehran's navy and safeguard the flow of oil through the Persian Gulf. The torpedoed Iranian ship sank off the coast of Sri Lanka, killing at least 87 people, local authorities said.

The Iranian navy has been an important focus of U.S. strikes. Gen. Dan Caine, the chairman of the Joint Chiefs of Staff who appeared with Hegseth at the news conference, said that to date more than 20 Iranian naval vessels have been destroyed.

The Turkish base that was the target of the Iranian missile is in the south of the

Underground 'Missile Cities' Prove Vulnerable Spot for Tehran Regime

U.S.-Israeli strikes hit launchers as they fly from subterranean bases

By DAVID S. CLOUD

Iran spent decades constructing underground bunkers to shield its vast missile arsenal from destruction. Less than a week into the war with its two most powerful adversaries, the strategy is beginning to look like a blunder.

over the dozens of cavernous bases, striking missile-carrying launchers when they emerge to fire. Meanwhile, waves of heavy bombers have also dropped munitions on the sites, apparently entombing the Iranian weapons below ground in some locations. Satellite imagery shows the smoldering remains of multiple Iranian missiles and launchers destroyed in U.S. and Israeli airstrikes near entrances to the "missile cities," as Iranian officials call the subterranean sites.

rael, at U.S. bases and other targets in the Persian Gulf, since the conflict began last Saturday, although many have been intercepted, according to governments in the region. There have been fewer large salvos since the conflict's start, a sign the U.S.-Israeli strikes are degrading Tehran's ability to strike back. "We're hunting Iran's last remaining ballistic missile launchers to eliminate what I would characterize as their lingering ballistic missile capability," Adm. Brad Cooper, the top U.S. commander in the Middle East, said in a video

briefing Tuesday. "We're seeing Iran's ability to hit us and our partners is declining." Tehran appears to have moved some missiles and launchers out of the bunkers before the war began, hoping to protect them from attack by dispersing them. Cooper said the U.S. and Israel have destroyed hundreds of missiles, launchers and drones. U.S. Central Command, which is conducting the air campaign, said Wednesday Iran's missile launches have dropped 86% in four days. Analysts say it is likely that

- Inside Iran** Israel strikes security forces, hoping to foster a revolt. **A5**
- Trump's war powers** Senators reject a measure to require Congress's approval. **A6**
- Regime succession** Khamenei's son emerges as a top choice for new leader. **A7**
- Foreigners evacuate** Some stranded visitors resort to private air travel. **A8**
- Bond market takes hit** Inflation fear pushes yield on the 10-year note over 4%. **B1**

China Enters New Era With Weaker Growth

By HANNAH MIAO

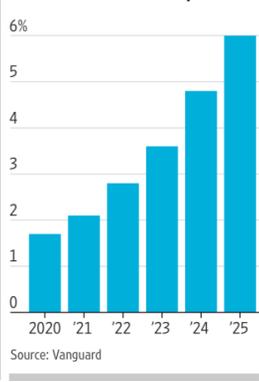
China signaled the world's second-largest economy is entering an era of slower expansion, setting a target for gross domestic product growth of between 4.5% and 5% this year. It is the lowest target set since at least the 1990s and follows three years in which officials called for growth of "around 5%." If China's economy were to expand at a pace below 5% this year, it would be the slowest growth reported by the country in more than three decades, other than the Covid pandemic years.

meeting its official target despite a renewed trade war with the U.S. A lower GDP target for 2026 reflects a level of tolerance for weaker growth as China's economy contends with muted household spending, reduced investment and a real-estate market in the doldrums. The less ambitious growth target also gives Chinese leaders some room to maneuver the economy through complicated geopolitical terrain—including conflict in the Middle East and the threat of further trade pressure from President Trump—while continuing to pursue Beijing's strategic goal

Workers Tap 401(k) Funds

More Americans are digging into retirement savings because of financial needs. **A10**

Participant use of hardship withdrawals from Vanguard defined-contribution plans



Trade Court Orders Refund of Tariffs

A federal trade court judge on Wednesday ordered the Trump administration to start refunding the more than \$130 billion it collected in the global tariffs invalidated by the Supreme Court last month.

By Lydia Wheeler, Louise Radnofsky and James Fanelli

Following a hearing involving a filtration company's fight for a refund, Judge Richard Eaton at the Manhattan-based Court of International Trade issued a written order directing the administration to begin the process of refunding importers. He set a hearing for Friday at

which he asked for updates. More than 2,000 lawsuits have been filed by companies in the court seeking to recoup their money. The order requires the U.S. Customs and Border Protection to issue refunds by recalculating the initial duties importers paid, excluding the tariffs voided by the high court. Eaton also said the court's chief judge indicated he will be in charge of settling the refund litigation. The administration is expected to appeal the order to prevent it from taking effect immediately. The White House didn't respond to a request for comment. In court on

Alarm Clocks Crank Up The Pain

Deep sleepers take drastic measures to wake up

By JOE PINSKER

Michelle Rodriguez starts every morning with a shock of about 300 volts to her right wrist. The 35-year-old in Germantown, Md., wanted a more aggressive alarm clock after sleeping through an important meeting. She now reliably gets up with the jolt from a wristwatchlike device called the Pavlok Shock Clock. "It feels like somebody

Can the Fed Stay Independent?

Trump is closer to Powell's successor and has three years to tighten grip

By NICK TIMIRAOS

For eight years, Federal Reserve Chair Jerome Powell's rule for dealing with Donald Trump was simple: Don't make eye contact. Then, on a Sunday night in January, he decided to look the president straight in the face. After receiving subpoenas concerning his testimony months earlier about the Fed's building renovations, Powell released a bold video dismissing that explanation. "Those are pretexts," he said, stone-faced, and accused Trump's Justice Department of threat-

ening him with an indictment because the Fed hadn't cut interest rates as fast as the president demanded. Powell's gambit had its intended effect, rallying bipartisan support to the Fed, which, for now, has preserved its independence. But even those who cheered his defiance in the skirmish aren't sure the Fed can win a longer war against sustained presidential pressure. Powell's term as chair ends in May, and the qualities that made his stand possible don't automatically transfer to his successor.

Apple Reins In Prices To Pressure Its Rivals

By ROLFE WINKLER

Apple's pricing strategy for its newest devices suggests it wants to exploit its rivals' pain as spiking chip costs threaten to devastate the electronics market. When the company on Monday announced its new entry-level iPhone, the 17e, it set the starting price at \$599, the same as last year's model. And on Wednesday it announced the entry-level MacBook Neo laptop at \$599, a lower price than some analysts had expected. The low prices come despite the rising cost of memory and storage inside the devices, which could eat into Apple's profit. Yet those cost increases are

likely to be far more painful for rival device makers. Chinese phone makers that sell midrange smartphones might be forced to raise prices. Customers who previously avoided higher-priced Apple devices in favor of cheaper options will have a better reason to switch. "Apple is going into attack mode. They see the memory crisis as an opportunity to gain market share," said Francisco Jeronimo, vice president at research firm IDC. "All other smartphones in the same price band will see price increases." This opens up an opportunity for consumers to move from Android to iOS, and from Chromebooks and PCs to a Mac, he added.