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Last week: **DJIA** 46558.47 ▼ 943.08 1.99% **NASDAQ** 22105.36 ▼ 1.3% **STOXX 600** 595.85 ▼ 0.5% **10-YR. TREASURY** (Reopening) yield 4.284% **OIL** \$98.71 ▲ \$7.81 **EURO** \$1.1419 **YEN** 159.74

What's News

Business & Finance

◆ **The artificial-intelligence boom** and changes in the city's leadership have helped lift the real-estate market in San Francisco, where rents rose 14% in February from a year earlier. **B1**

◆ **FHFA Director Bill Pulte** said the Trump administration was optimistic that it could make homes more affordable, relying on presidential orders that include measures to boost new construction. **A3**

◆ **Cross-border payments** company Airwallex plans to invest \$1.135 billion to expand across Europe over the next five years after a decade of growth in Asia-Pacific. **B2**

◆ **Black women** are starting their own businesses at a faster clip than any other demographic in America, and a less-hospitable corporate world has a lot to do with the burst of entrepreneurship. **B1**

◆ **Rivian is betting its** survival on the rollout of the R2 sport-utility vehicle that will be launched into an EV market weakened by the elimination of U.S. tax credits. **B3**

◆ **Paul Regan pleaded** guilty to three felony charges of securities fraud following a series of Wall Street Journal articles in 2024 on the financier and his mysterious high-yield investment offerings. **B3**

◆ **Elon Musk said** that he was rebuilding xAI "from the foundations up" as the company's pioneering team departs and competition with OpenAI and Anthropic intensifies. **B4**

◆ **Corporate chieftains** who admired Warren Buffett's down-to-earth letters to shareholders are attempting to emulate them. **B1**

Worldwide

◆ **Trump and top aides** spent the weekend framing their Iran operation as a military success while imploring other countries to join their effort to resolve a worsening energy crisis related to the Strait of Hormuz. **A1, A6**

◆ **State income-tax systems** are becoming increasingly polarized, with Republican-led states attempting to cut individual income taxes and Democratic-controlled states moving the opposite way. **A1**

◆ **Airline executives urged** Congress to restore Homeland Security funding and pass bills ensuring key airport workers get paid during government shutdowns. **A4**

◆ **U.S. trading partners** urged Trump to stick to agreed tariff levels after his administration began probes aimed at replacing the levies struck down by the Supreme Court. **A2**

◆ **China resumed flying** military aircraft near Taiwan's main island after a recent, mysterious hiatus. **A8**

◆ **North Korea's Kim Jong Un** oversaw a live-fire exercise for a rocket launcher able to propel tactical nuclear weapons. **A8**

◆ **Four more Iranian women's** soccer team members who were granted asylum in Australia decided to return to Iran. **A8**

◆ **Russia stepped up** tests of systems to block the internet, shutting off mobile access in Moscow in recent days. **A9**

◆ **"One Battle After Another"** won six Academy Awards, including best picture, while Michael B. Jordan and Jessie Buckley took the main acting honors. **A4, WSJ.com**

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A crew worked Sunday on a U.S. Air Force B-1B bomber being used in the air war against Iran, at its base in Fairford, England.

Trump Wants to Secure Hormuz, But His Options All Carry Risks

Controlling the strait would mean lengthy warship presence or big ground operation

By JARED MALSIN

President Trump has vowed to reopen the Strait of Hormuz, the vital artery for the world's energy supply that has been closed off by Iran. It won't be easy.

Trump and Defense Secretary Pete Hegseth have repeatedly pledged that naval vessels will escort oil tankers and other

ships through the strait. On Thursday, Trump said escort operations would begin "very soon." In a pair of social-media posts on Saturday, the president called on other nations to help.

The U.S. is holding off on sending warships into the strait—just 21 miles wide at its narrowest point—with Navy officers saying Iranian drones and antiship missiles could turn the area into a "kill box" for U.S. sailors.

One option to clear the way for escorts would be a more intense use of air power to hunt and destroy Iranian missiles and drones before they

could be fired at ships in the strait. Another would be to use ground troops to seize the territory around the waterway.

The administration has said it is keeping all options on the table, including the use of ground troops. On Friday, Trump ordered a Marine expeditionary unit, which typically has warships with thousands of sailors, attack jets and 2,200 Marines, to the Middle East.

In an escort operation, U.S. warships, maybe in conjunction with allied navies, would travel through the strait alongside oil tankers to clear mines and fend off Iranian at-

tacks from the air as well as from Iran's "mosquito fleet" of small, fast-attack boats.

Experts estimate it could take two ships per tanker, or a dozen ships to guard convoys of five to 10 tankers, to have the necessary air defenses. The short distances involved make shooting down missiles and drones more difficult.

Despite weeks of U.S. and Israeli attacks that have decimated Iran's navy and military capabilities, its commanders are still demonstrating the ability to strike.

Bryan Clark, a senior fellow
Please turn to page A8

The Outlook

Oil shock hits an already fraying economy. **A2**

On the ground

For Israelis, war becomes a way of life. **A6**

Nuclear plans

Efforts to seize Iran's nuclear material would be risky. **A6**

Foreign relations

Xi calibrates China's stance on the U.S. amid Iran war. **A8**

Heard on the Street

Why effort to tame oil prices fell flat. **B8**

Red-Blue State Gap On Income Taxes Gets Even Wider

By RICHARD RUBIN
AND JEANNE WHALEN

U.S. politics are getting more polarized and, increasingly, so are state income-tax systems.

Republican-led states are racing each other to flatten, cut and eliminate individual income taxes, with 23 states lowering their top income-tax rates since 2021. Mississippi and Oklahoma, among others, put themselves on paths to eliminate personal income taxes. South Carolina is setting a course this year to drop its top income-tax rate to 1.99%, and Missouri residents may vote this November on a plan to phase out income taxes and allow lawmakers to expand sales taxes.

Democratic-controlled states are moving the opposite way, pushing to increase taxes on top earners to combat inequality and plug budget holes expected from Republicans' cuts to federal health and nutrition-assistance programs. Washington state's legislature last week sent Gov. Bob Ferguson a bill that would create a 9.9% income tax on earnings over \$1 million. New York City Mayor Zohran Mamdani is pushing state lawmakers to raise income taxes on high-income households. Increases on top earners are a priority for some Democrats and progressive groups as they head to elections this fall in Rhode Is-
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INSIDE



SPORTS

Duke lost an entire NBA lineup—then built another juggernaut anyway. **A14**



BUSINESS & FINANCE

The AI boom has exploded the San Francisco housing market. **B1**

Signing Up for Summer Camp Is Now a Full-Contact Sport

* * *

Parents set up command centers, make spreadsheets, practice checking out

By JESSE NEWMAN

Katie Moody had it all figured out. She'd been researching since January, crafting a detailed, color-coded spreadsheet to keep track of options—and backup options.

On Sunday, Feb. 1, Moody posted up at her dining room table in suburban Chicago and put her phone on "do not disturb." She'd preloaded her credit-card information online and favorited her top choices. Her children, aged 12, 9 and 6, knew to stay away.

At 2 p.m. sharp, she sprang into action, racing to register her children for summer camp before spots filled up.
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Chevron's Man Was CIA's, Too

Ali Moshiri helped steer Trump away from backing Venezuelan opposition

In the months before President Trump moved to capture Venezuelan President Nicolás Maduro, the Central Intelligence Agency

By Joel Schectman,
Christopher M. Matthews
and Vera Berggruen

turned to an old friend for advice on who should replace the autocratic leftist. Former Chevron executive Ali Moshiri told the agency

that if the U.S. government tried to oust the entire Maduro regime and install the democratic opposition led by María Corina Machado it would have another quagmire like Iraq on its hands, according to people familiar with the matter.

She didn't have the support of the country's security services or control of its oil infrastructure, Moshiri argued.
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Humanoid Robots Step Into New Factory Roles

By JOHN KEILMAN

CHERAW, S.C.—Inside a Schaeffler auto-parts factory, a most unusual worker toils away.

Stepping gingerly across the metal floor, it holds its four-fingered hands at chest level until it reaches its objective: a 25-pound basket of bearing components fresh from a stamping press.

The worker uncurls its claw-like fingers, daintily grips the basket by its edges and walks it over to a conveyor that will send it through an industrial washing machine. About a minute after it grabbed the first basket off a pallet, it returns to grab another.

So it goes for eight hours a day, basket after basket, pallet after pallet.

A year ago, a person did this

job. Now it belongs to a humanoid robot called Digit that was built for grunt work. Its legs angle backward like an ostrich's, raising its stability and lifting power. Its LED eyes blink to signal to human co-workers where it is directing its attention.

Schaeffler, a global manufacturer that makes parts for cars and airplanes, said it plans to deploy more of the robots in the coming months.

"We've identified a whole host of use cases that we would like humanoid robots to do," said Courtney Baines, an advanced production technology engineer at Schaeffler.

Factories have used stationary robots since the 1960s for tasks such as welding frames and attaching windshields. But advances in batteries, motors
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