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What's News

Business & Finance

- ◆ **The Fed held interest rates steady** and preserved a path to cutting rates this year as higher energy prices from the Iran war threaten to prolong the fight against inflation. **A1, A2**
- ◆ **Dimming hopes for interest-rate cuts** helped depress major U.S. stock indexes, with the S&P 500, Dow and Nasdaq falling 1.4%, 1.6% and 1.5%, respectively. **A2**
- ◆ **BASF said it would raise** the prices of many of its products by up to 30% as a result of the shock waves from the conflict in the Middle East. **B3**
- ◆ **Apple is on pace to surpass** \$1 billion of AI revenue this year, a number that demonstrates a key advantage the company has over rivals like OpenAI, Google, Anthropic and xAI. **A1**
- ◆ **The owner of the S&P 500** is licensing the index for the launch of a derivative contract that trades 24 hours a day on crypto exchange Hyperliquid. **B3**
- ◆ **A redemption ceiling** set by Stone Ridge on a fund holding consumer and small-business loans suggests that investors' concerns about private credit are broadening. **B1**
- ◆ **Investment banks see profit opportunities** as redemption requests hitting nonbank lenders drive demand for loans to cover the withdrawals. **B5**
- ◆ **Janus Henderson clients** and investment staff urged the firm to reject a takeover bid from Victory Capital in favor of a lower-priced deal from Trian and General Catalyst. **B2**
- ◆ **Tencent maintained double-digit profit** and revenue growth, ending 2025 on a high note as it accelerated its artificial-intelligence efforts. **B4**

Worldwide

- ◆ **Escalating attacks on Persian Gulf oil-and-gas infrastructure** are sending the U.S.-Israeli war with Iran into a dangerous new phase that threatens to worsen the crisis over worldwide energy supplies. **A1, A6-7**
- ◆ **U.S. companies will be allowed** to do business with Venezuela's state-owned oil-and-gas company after the Treasury Department eased some sanctions. **A6**
- ◆ **Director of National Intelligence Tulsi Gabbard** told the Senate Intelligence Committee the Iranian regime has been degraded, but remains largely intact. **A7**
- ◆ **Sen. Markwayne Mullin**, Trump's pick to lead the Department of Homeland Security, sparred with lawmakers during a contentious confirmation hearing. **A3**
- ◆ **Democratic lawmakers** stormed out of a briefing about the Epstein files, saying they don't trust Attorney General Pam Bondi to fully answer questions unless forced to do so under oath. **A3**
- ◆ **Groups with ties to the late Cesar Chavez** distanced themselves from him after allegations he abused women and girls at the height of his prominence as a labor and civil-rights leader in the 1960s and '70s. **A3**
- ◆ **The State Department** said it would add 12 countries to a list of nations whose citizens must post bonds of up to \$15,000 to apply for U.S. visas. **A4**
- ◆ **Afghanistan and Pakistan** announced a temporary pause in fighting ahead of the Muslim holiday of Eid al-Fitr. **A6**

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Strikes on Gulf Energy Escalate

Attacks by Israel, Iran put oil, gas supplies in the crosshairs of growing conflict

Escalating attacks on Persian Gulf oil-and-gas infrastructure are sending the U.S.-Israeli war with Iran into a dangerous new phase that threatens to worsen the crisis over global energy supplies. Israel struck at the crown

jewel of Iran's energy industry on Wednesday—the giant South Pars gas field that Iran shares with Qatar and is by far the largest in the world. Iran retaliated with two attacks on a major gas hub in Qatar just across the Gulf and a missile barrage fired at the Saudi capital, Riyadh, with debris landing near a refinery. Israel and Iran had already

hit energy facilities throughout the nearly three-week-old war, but Wednesday's attacks struck some of the world's most important hubs and raised the prospect of tit-for-tat volleys against oil-and-gas facilities. Already, the conflict has effectively closed the Strait of Hormuz, a strategic chokepoint between the Persian Gulf and the wider world that car-

ries about 20% of the global oil and liquefied-natural gas supply during normal times. Israel's attack was aimed at Please turn to page A7

Assessing Fallout

- ◆ **How Marines could open Strait of Hormuz.....** A6
- ◆ **Business booms for Russia oil kingpin.....** A7
- ◆ **Gabbard says regime is still largely intact.....** A7

Fed Holds Key Rate Steady as War Blurs Outlook

Iran conflict poses new threat to central bankers' yearslong fight against inflation

By NICK TIMIRAS

The Federal Reserve held interest rates steady Wednesday and tentatively preserved a path to cutting rates this year as higher energy prices from the Iran war threaten to prolong central bankers' yearslong inflation fight.

But at a news conference after the meeting, Fed Chair Jerome Powell said little to suggest cuts were around the corner and instead emphasized how little room officials might have to ease. He described the Fed's current policy stance as sitting much closer to one that neither spurs nor slows growth, which would make rate reductions much harder to justify unless the economy weakens.

Officials voted 11-1 to hold the benchmark federal-funds rate in a range between 3.5% and 3.75%, the second consecutive meeting with no change.

In new quarterly projections, 12 of 19 meeting participants penciled in at least one cut this year, the same as in December, though several officials penciled in fewer reductions. One participant penciled in a rate hike for next year. Powell waved off those projections when he said his usual disclaimer to take them with a grain of salt was true "even more than usual."

Powell also addressed the looming Fed leadership change, saying he would stay on as leader if President Trump's nominee to succeed Please turn to page A2

- ◆ **Stubborn wholesale inflation persists.....** A2
- ◆ **Dimming hopes for rate cuts drag down stocks... A2**
- ◆ **Heard on the Street: Market massacre haunts Fed..... B12**



An Israeli missile strike toppled a building Wednesday in central Beirut after its inhabitants were warned it would be hit.

Israel Assassinate Iran's Leaders, One by One

Ali Larijani, Iran's top security official, strolled confidently in dark sunglasses and a black coat Friday through a rally of regime loyalists in central Tehran. It was his first public ap-

pearance in a war in which he was a known target. "Brave people. Brave officials. Brave leaders. This combination cannot be defeated," he wrote on X.

By Dov Lieber, Benoit Faucon and Shayndi Raice

Four days later, he was dead. Early Tuesday, Israel's intelligence services found Larijani gathered with other officials at a hideout on the outskirts of Tehran and killed him with a missile strike.

That same night, Israel got a tip from ordinary Iranians that the leader of the Basij militia, Gholamreza Soleimani, was holed up with his deputies in a tent in a wooded area in Tehran. It was the payoff Israel had sought after blowing up Basij headquarters and com-

mand posts for more than two weeks, forcing its members to gather in the open. Soleimani, too, was struck and killed.

Israeli and U.S. leaders said at the outset that the war with Iran would create the conditions for Iranians to topple their regime. The killings early Tuesday—followed by the Israeli announcement a day later that Iranian Intelligence Minister Esmail Khatib had also been killed—were milestones in that campaign made possible by the damage from airstrikes and a

growing harvest of intelligence about possible targets. With thousands of regime members killed—from top leaders to street-level grunts—Iranians are reporting that a sense of disorder is starting to take hold. Security forces are under stress and on the run as they threaten protesters to stay off the streets and direct strikes at the U.S., Israel and Arab neighbors across the Persian Gulf. Detailed target lists and Please turn to page A8

Icy Trek Explores Trump's Greenland Dream



MUSH! A Journal reporter voyaged by plane, boat and dogsled in Greenland, showing the costs of a U.S. push into the island. Scan the code for video. Related article, A9.

Apple Trails in AI Race, But Is Making a Bundle

By Rolfe Winkler and Nate Rattner

Apple is on pace to surpass \$1 billion of artificial-intelligence revenue this year, a tidy sum that demonstrates Apple's important AI advantage even as the tech giant struggles to deliver an AI strategy of its own.

Apple's Siri chatbot is still dumb by modern AI standards. But what Apple does have that the other AI players don't is a dominant position in making devices.

However fancy OpenAI, Google, Anthropic and xAI make their chatbots, iPhones are still a primary way to deliver them to consumers.

And that means they typically pay the App Store tax, about 30% of subscription fees in the first year, and 15% per year thereafter, though rates vary by country. Generative AI apps paid Apple nearly \$900 million in App Store fees in 2025, according to analysis firm AppMagic.

Three-fourths of the revenue Apple rakes in from GenAI apps in its App Store comes from ChatGPT, according to AppMagic. XAI's Grok is next at about 5%. Apple's revenue from GenAI apps rose from about \$35 million in January 2025 to a high of \$101 million in August. Sales have fallen from their peak, partly because Please turn to page A4

The Secret of a \$400 Skin Cream: Playing Music to Kelp

La Mer says its products' powers are unlocked in a lab where chemists DJ for 'Miracle Broth'

By NATASHA KHAN

There's a room in an Estée Lauder-owned facility on Long Island where kelp swirls around in giant kettles while scientists pump sounds of the ocean to help unlock its healing powers.

It's so peculiar that when the guy who long oversaw the process first encountered the sights and noises em-

anating from the lab, he questioned his career choices.

"What's going on in there?" Paul Tchinnis remembers thinking when he started there as a chemist. "I thought I was working for a cosmetics company!"

The maker of the brew, La Mer, calls it the "Miracle Broth," the key ingredient in one of the most coveted products in the beauty industry. How Good vibrations Please turn to page A11



Pardoned for Fraud, CEO Mounts Comeback: 'We Can Trust You Now'

Trevor Milton's Nikola conviction was wiped away. He's now raising funds for a new jet he claims will transform flying.

By CHRISTOPHER KUO AND BEN FOLDY

At last year's Kennedy Center Honors, Trevor Milton took in part of the show from the balcony where honorees, celebrities and the president and first lady sat. Afterward, the entrepreneur mingled with guests inside the SyberJet Lounge, a swanky space that his company had spent millions to sponsor and that President Trump had called "gorgeous."

That the 43-year-old was attending the black tie event with stars and Washington elites in December is a sign of how drastically Milton's fortunes had changed in 2025.

Early that year, Nikola, the hydrogen truck company Milton had founded, filed for bankruptcy. Milton had left Nikola in 2020 under a cloud, and by 2022 had been convicted of defrauding the company's investors with what prosecutors said were his repeated lies about the development of the company's zero-emissions trucks and technology. He faced a four-year prison term—he was free on appeal—and federal prosecutors were seeking roughly \$676 million in restitution from him.

It was wiped away with a phone call. In March 2025, Trump called Milton to tell him he Please turn to page A9