

Growing Economic Fears Drive Markets Into Bear Territory

By MOHAMMED HADI and JEANNA SMIALK

Three weeks ago, Wall Street narrowly escaped a bear market, with stocks rebounding at the last minute from a brutal drop that had brought the S&P 500 down 20 percent from a record high in January. The next few weeks offered a glimmer of hope that the worst of the losses might be over.

That glimmer is now gone.

On Monday, the S&P fell 3.9 percent, closing the day nearly 22 percent below its Jan. 3 peak and firmly in a bear market — a rare and grim marker of investors' growing concerns for the economy.

A crucial report on Friday showed inflation in the United States was accelerating and creeping into every corner of the economy. Earlier last week, the World Bank issued a dire warning that global growth may be choked, especially as the war in Ukraine drags on.

Together, the data undercut optimism that the Federal Reserve, as it raises interest rates, would be able to keep price gains under control without damaging the American economy and sending ripples throughout the globe.

Monday's trading ended with reports that the Fed is likely to dis-

Down 22% Since Jan. 3 — Economists Worry Pain May Linger

...cuss making its biggest interest-rate increase since 1994 when policymakers met this week.

"The Fed needs to hike policy rates more aggressively if it has any hope of bringing inflation down," said Soha Shah, chief global strategist at Principal Global Investors. "If it's going to have to tighten even more, then the chance of a recession is highest."

Large stock declines like this one — just the seventh bear market in the last 50 years — usually accompany a seismic shift in the outlook for the economy and batter people's retirement accounts. While one does not cause the other, recessions have historically followed bear markets. The last time stocks fell this much was at the start of the coronavirus pandemic, and before that it was during the 2007-8 global financial crisis, which toppled some of the world's largest banks.

The bear market in 2020, however, lasted only a relatively short time.

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TRUMP REBUFFED AIDES OVER LOSS, DENYING REALITY

Rantings by Giuliani No Interest in 'Actual Facts,' Barr Says

By MICHAEL D. SHEAR and MAGGIE HABERMAN

WASHINGTON — Rudolph W. Giuliani seemed drunk, and he was making a bee line for the president.

It was election night in 2020, and President Donald J. Trump was seeing his re-election bid slip away, vote by vote. According to video testimony prepared by the House committee investigating the Jan. 6 assault on the Capitol, Mr. Giuliani, the former New York City mayor and personal lawyer for Mr. Trump, was spouting conspiracy theories.

"They're stealing it from us," Mr. Giuliani told the president when he stood him, according to Jason Miller, one of the president's top campaign aides, who told the Jan. 6 committee that Mr. Giuliani was "definitely intoxicated" that night. "Where do all the votes come from? We need to go say that we won."

Several times that night, Mr. Trump's own family members and closest advisers urged him to reject Mr. Giuliani's advice. Mr. Miller told him not to "go and declare victory" without a better sense of the numbers. "It's far too early to be making any proclamation like that," said Bill Stepien, his campaign manager. Even his daughter Ivanka Trump told him that the results were still being counted.

But in the end, Mr. Giuliani was the only one that night who told the president what he wanted to hear.

Mr. Giuliani's rantings about stolen ballots fed into the theories of an ongoing conspiracy between the president and leading Republicans to rig the election, nursed in public and private since he kept before the votes were counted. They helped spark a months-long assault on democracy and — in the committee's view — led to the

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What's News

- **The stock-market sell-off** closed with the S&P 500 losing 3.9% and entering a bear market, as investors took another look at Friday's inflation data to consider surprising markets with a larger-than-expected 0.7% percentage-point interest-rate increase at their meeting this week.
- **Before officials** began their pre-meeting quiet period on June 4, they had signaled they were prepared to raise interest rates by a half percentage point at their meeting in July. But they also had their confidence depended on the economy evolving as they expected. Last week's inflation report from the Labor Department showed a bigger jump in prices in May than in April, when the Fed had raised its rate.
- **The consumer survey** also shows households' expectations of future inflation have increased in recent days. That data could alarm Fed officials because they believe such expectations can be self-fulfilling.
- **The Fed raised rates** by a half percentage point at its meeting last week, the first such increase since 2006, to a range between 0.75% and 1%. The Fed last raised rates by 0.75 percentage point at a meeting in April, as the Fed's inflation was rapidly rising.
- **Fed Chairman Jerome Powell** has avoided surprising markets with a surprise policy move, instead arguing that the central bank can achieve its inflation target by shaping market expectations.
- **But he also said** in an introductory speech after the meeting.
- **Bitcoin's sell-off** spiked by a reversal of the buying mania that drove it higher, as new data showed its price fell 15% on Monday.
- **U.S. officials get** the green light to send aid to Ukraine.
- **Higher prices** for oil and gas are fueling inflation.
- **Congress** is pressing ahead with legislation that could require the rules for U.S. companies investing abroad, proposing the sending of investments in countries like China that are seen as adversaries in hopes of protecting U.S. technologies and rebuilding critical supply chains.
- **Trump was told** repeatedly by top Justice Department officials and members of his inner circle that he had no basis for claiming the 2020 election had been stolen.
- **Russian forces** expanded their control over what had been one of Ukraine's chief strongholds in the east.
- **The British government** would allow it to tear up parts of its Brexit deal.
- **A Covid-19 vaccine** developed by Saudi and U.S. scientists to target the Beta strain produced a stronger antibody response against variants of Omicron when given as a booster compared with certain first-generation vaccines.
- **Canadian health** authorities approved Anlysia's new drug for ALS, an action that could put more pressure on U.S. drug regulators to approve U.S. their own approval.

Markets Dive, Fed Eyes Bigger Rise

Central bank weighs 0.75 percentage point boost this week as inflation data worsen

The S&P 500 bear-market entrances since 2000

The S&P 500 has an average falls 132 trading days to fall 20% from its most recent high and enter a bear market.

By Karen Langley, Cheryl Daley and Justin Rao

Faced with rising chances of aggressive monetary tightening by the Federal Reserve, investors retreated risk. The S&P 500 slumped 3.9% as 49% of its 500 components ended the day in the red. The decline left the U.S. stock benchmark down more than 20% from its January peak, sending it into a bear market for the first time since 2020.

Five new bets that have worked in 2022 stumbled on Monday. The energy segment, the only one of the S&P 500's 11 sectors in positive territory this year, fell 5.1%, a steeper decline than that of the index. The utilities group, the second-best performer in 2022, lagged behind the market with a drop of 4.6%.

"We're definitely seeing a risk-off atmosphere. A flight to quality," said Charlie Rippe, senior investment strategist at Allianz Investment Management. "In that environment, people need to raise cash."

The Dow Jones Industrial Average fell 1.3% to 33,213 points, or 2.8%, to 30,959.74. The tech-heavy Nasdaq Composite posted a double-digit gain, or 2.7%, to 10,899.23, off 23% from its November record.

Six major indexes for Tuesday rose, suggesting U.S. markets were regaining some ground from the stock market.

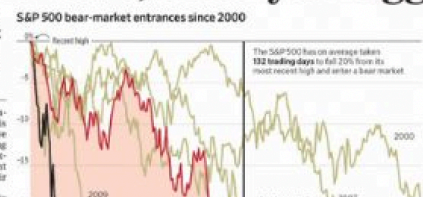
As turbulence rippled through the crypto market over the weekend, a widely used Bitcoin fell 15.2% to \$24,000.35.

◆ **MicroStrategy's** stock drops, following bitcoin's fall. **B2**

◆ **Colony** freezes all account withdrawals. **B2**

◆ **Coast** shares fall to low in crypto rally. **B2**

◆ **Bond yields** reach 11-year high. **B1**



Ukraine War Cues Taiwan To Get Ready



Europe Weighs Harder Fight or a Push for Peace

By STEVEN ERLANGER

BRUSSELS — Lining ground to Russia's brutal advance in the east, Ukraine on Monday demanded an arsenal of sophisticated Western weapons many times greater than what has been promised, or even discussed, underscoring the rising pressure on Western leaders to reconsider their approach to the war.

The tactics that served the Ukrainians well early in the war have not been nearly as effective as the fighting has shifted to the open ground of the Donbas region in the east, where Russians are relying on their immense advantage in long-range artillery. Russian forces are poised to take the blasted city of Slovodonetsk, the easternmost Ukrainian outpost, and are closing in on the neighboring city of Lyssychansk.

With the aid of France, Germany and Italy planning their first visit to Ukraine's capital, Kyiv, since the war began, they and other Western leaders have to decide whether to double down on arming Ukraine or press harder for negotiations with Moscow to end the war.

Ivan Krastev, who heads the Center for Liberal Strategies in Sofia, Bulgaria, calls the division

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Missouri Battle on Birth Control Gives Hint of a Post-Roe Nation

By SHERYL GAY STOLBERG

ROLLA, Mo. — For more than half a century, Tri-Rivers Family Planning has operated on a shoestring budget, providing contraceptives, pregnancy testing, investment for sexually transmitted diseases and other reproductive health care to a mostly low-income and female clientele in the Ozark Mountains.

But with the Supreme Court widely expected to revoke the constitutional right to abortion that was established in Roe v. Wade, its work has never been more essential — and its more practitioners and patients have never felt more threatened.

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Bitcoin Falls 15% as Crypto Selloff Deepens

Bitcoin's sell-off, sparked by a reversal of the buying mania that drove it higher, has now become the fourth-deepest in the cryptocurrency's 10-year history.

On Monday, bitcoin fell 15% to \$23,250.72 as of 5 p.m. Eastern time, its lowest level since December 2020. That reflected a 44% drop from its high of \$42,802.30 in November 2021. The popular digital currency dropped further late in the day to about \$23,000, according to CoinDesk.

Bitcoin's slide since November has contributed to a roughly \$2 trillion wipeout in the broader market. Crypto's total market capitalization, as professional traders have joined the crypto market in bigger numbers. Speculative assets like crypto have been falling as inflation persists and central banks try to combat that with higher interest rates. That dynamic makes riskier investments less attractive. Their sales are down. On Friday, the inflation index hit 8.6%, dragging down the stock market.

As turbulence rippled through the crypto market over the weekend, a widely used Bitcoin fell 15.2% to \$24,000.35.

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◆ **Coast** shares fall to low in crypto rally. **B2**

Warehousing Rivals In \$23 Billion Deal

By KONRAD PREUSS and ANNE CASEY WALK

Prologis Inc., the world's largest warehouse operator, agreed to buy rival DRE Real Estate, a \$22 billion deal that highlights a widening gap between those who think e-commerce is the future of long-term value and those who think it is raising out of steam.

The deal is the largest commercial real-estate sale since the start of the pandemic, sending a strong message that e-commerce is still going strong and that the real estate market shows signs of being overvalued.

Investors began dumping shares of Prologis and other warehouse landlords in April, according to data from investment research firm Jefferies. The two real-estate companies avoided the deal Monday; other results of pursuit by Prologis team on page A2.

Afghan Leaders Flew to Luxury

Former Afghanistan President Ashraf Ghani, above, and some officials who served under him relocated to luxurious homes around the globe after the country fell to the Taliban. A2

Bill Aims To Screen Investment Abroad

Congress is pressing ahead with legislation that could require the rules for U.S. companies investing abroad, proposing the sending of investments in countries like China that are seen as adversaries in hopes of protecting U.S. technologies and rebuilding critical supply chains.

The measure, part of broader legislation to bolster U.S. competitiveness with China, would require U.S. companies investing overseas to disclose the screening of investments in countries like China that are seen as adversaries in hopes of protecting U.S. technologies and rebuilding critical supply chains.

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By Kate O'Rourke and Natalie Andrews in Washington, with reporting from Somerville in San Francisco.

◆ **U.S. executive agencies** on China engagement. **A4**

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INSIDE

Dr. Alex Jones and **Somnathia Pearson**

CardioLogic Rev adjusted quickly to the return of its new CEO, who is a Ph.D. student. The dog she adopted during the pandemic did not want to be left behind when Dr. Jones left. She now lives on a farm in Texas, a retired racing greyhound, would react to being alone. Sure enough, Ms. Jones returned home to what looked like a crime scene. Her widow thinks were torn down and chewed up.

"I was like, 'Oh, we've got to work on this,'" she says.

Her solution: the feud that TV seemed to reveal on T'Challa. She now flips on court observations.

◆ **Planetarium** on page A2

Return to Office Triggers Anxiety Attacks—for Dogs Left at Home

Owners devise creative ways to help pets cope; 'Judge Judy' and robotic vacuum

◆ **Planetarium** on page A2

BUSINESS & FINANCE

Rugged landscape in the West poses hurdle for U.S. charging-station goals. **B1**

SPORTS

Bad news, America: The New York Yankees are a game team again. **A16**