

What's News

Business & Finance

Ernst & Young's plan to split its audit and consulting businesses would give thousands of its partners multimillion-dollar payouts and relies on optimistic assumptions for growth to justify the deal, according to internal company documents and people familiar with the matter. **A1**

◆ **Mondelez said** it would acquire Clif Bar for at least \$2.9 billion in a deal the company said it expects to close in the third quarter. **B1**

◆ **JetBlue is continuing** its quest to buy Spirit, increasing its offer and strengthening its commitment to divest itself of assets to get regulatory approval for the deal. **B1**

◆ **An investor group** is agitating for change at a London-listed investment vehicle managed by Triun, arguing the company has deviated from its original purpose when it went public in 2018. **B1**

◆ **Apple employees** at a retail store outside Baltimore voted to unionize, creating the first union of Apple retail workers in the U.S. **B3**

◆ **International stocks** broadly rose, while U.S. markets were closed for the Juneteenth holiday. Cryptocurrencies steadied. **B8**

◆ **"Lightyear" posted** box-office sales of \$51 million in the U.S. and Canada, the 16th-best opening weekend for Pixar, owned by Walt Disney Co. **B2**

◆ **China's Tianqi Lithium** began marketing what is expected to be Hong Kong's largest initial public offering so far this year. **B4**

World-Wide

◆ **Israeli Prime Minister** Naftali Bennett said he would move to dissolve the government and call for the country's fifth election in three years, marking the end of the most diverse ruling coalition in Israel's history. **A1**

◆ **Israel is intensifying** its campaign to thwart Iran's nuclear, missile and drone programs with covert operations targeting a broader range of key targets, people familiar with the effort said. **A5**

◆ **More than 5,000 flights** were canceled by U.S. carriers over the busy Father's Day and Juneteenth holiday weekend despite industrywide efforts to tackle the knock-on effects of staff shortages and inclement weather. **A3**

◆ **President Biden said** he may make a decision within days on seeking a pause to the federal gasoline tax as Americans deal with soaring prices. **A3**

◆ **Canada pledged** to spend more than \$30 billion over the next two decades to help detect and track military threats from Russia and China in the Arctic. **A9**

◆ **Russian forces** launched airstrikes and artillery attacks as they pressed their offensive in eastern Ukraine and the fight for control of the key city of Severodonetsk intensified. **A6**

◆ **Macron's loss** of a majority in France's Parliament is an early sign of how the squeeze on European energy prices is raising the stakes for the continent's leaders as the invasion of Ukraine becomes a war of attrition. **A6**

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U.S. Rolls Out Covid-19 Vaccine for Children Under 5



SIT TIGHT: Kaitlin Haring administers a Covid-19 vaccination to 3-year-old Fletcher Pack while he sits on the lap of his mother, McKenzie Pack, in Lexington, S.C., Monday, the first day the vaccine was made available to U.S. children under 5. **A5**

Stocks Often Don't Hit Bottom Until Fed Shifts Back to Easing

By AKANE OTANI

Another week of whipsaw stock trading has many investors wondering how much further markets will fall.

If history is any guide, the selloff might still be in its early stages.

Investors have often blamed the Federal Reserve for market routs. It turns out the Fed has often had a hand in market turnarounds, too. Going back to 1950, the S&P 500 has sold

off at least 15% on 17 occasions, according to research from Vickie Chang, a global markets strategist at Goldman Sachs Group Inc. On 11 of those 17 occasions, the stock market managed to bottom out only around the time the Fed shifted toward loosening monetary policy again.

Getting to that point might be painful. The S&P 500 has fallen 23% in 2022, marking its worst start to a year since 1932. The index declined 5.8%

last week, its biggest decline since the pandemic-fueled selloff of March 2020.

And the Fed has only just gotten started. After approving its largest interest-rate increase since 1994 on Wednesday, the central bank signaled that it intends to raise rates several more times this year so it can tamp down inflation.

Tightening monetary policy, combined with inflation running at a four-decade high, has many investors fearful that the

economy might go into a downturn. Data on retail sales, consumer sentiment, home construction and factory activity have all shown significant weakening in recent weeks. While corporate earnings are

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◆ **Outlook:** Economists say recession is more likely..... A2

◆ **James Mackintosh:** Central banks threaten markets..... B9

◆ **Head on the Street:** Soft landings are a myth..... B9

Labor Shortage Weighs On Small Businesses

By RUTH SIMON

Small businesses are losing ground in the hiring game.

Head counts at companies with fewer than 50 employees declined in three of the past four months, according to ADP payroll data, even as employment at larger firms continued to grow.

Owners of many small companies said inflation has added to the pressures of an already tight job market, making it increasingly difficult to keep pace with the wages and benefits offered by larger employers. The hiring challenges are stunting growth, small-business owners said, and further clouding their deteriorating economic outlook.

At Gahlsdorf Logging Inc., the head count is stuck at

around 20, making it difficult for the Rickreave, Ore., logging contractor to keep its eight-person crews fully staffed. Owner Jim Gahlsdorf said he turns down an offer about once a month to look at or bid on a potential job because he doesn't have the workers.

Some small logging operators have dropped to one crew from two in response to labor shortages. Mr. Gahlsdorf said he worries that a slimmed-down operation wouldn't produce enough revenue to cover overhead. He is hoping that as the number of crews operated by competitors declines, customers will pay more for his

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◆ **Construction projects** running short on labor..... A4

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JASON GAY

The best sports for dozing off in the middle of the action. **A14**

U.S. NEWS

More than 5,000 flights were canceled over the holiday weekend. **A3**

Israel's Government Collapses, Setting Stage for New Vote

By DOV LIEBER

TEL AVIV—Prime Minister Naftali Bennett of Israel said Monday he would move to dissolve the government and call for the country's fifth election in three years, marking the end of the most diverse ruling coalition in Israel's history.

Mr. Bennett said Foreign Minister Yair Lapid, a former news anchor turned centrist politician, would lead the country in the interim period, which could last several months. The two leaders from opposite sides of the Israeli political spectrum joined

forces last year to oust former

Prime Minister Benjamin Netanyahu. Now, the prospect of new elections gives Mr. Netanyahu, the country's longest-serving prime minister, a fresh shot at regaining power.

The decision ends an unusual period in Israeli politics, when a coalition from the country's center, right, left and an independent Arab party came together for the first time to form a government. The coalition is now poised to be among the shortest-lived in Israel's history, analysts say.

◆ **Israel widens** covert actions to rein in Iran..... A8

Annulments, Theology and Batman

Priest podcasts answer questions on many topics

By CLARE ANSBERRY

PITTSBURGH—What does the Catholic Church teach about annulment? Should there be a theology of the internet? Is it OK to like ketchup-flavored potato chips?

Two priests have the answers on their podcast about priesthood.

On their show, "Clerically Speaking," Rev. Harrison Ayre and Rev. Anthony Sciarappa, both in their 30s, talk about vocations and answer call-in queries about confession, the soul and cloning.

They also discuss Batman movies, WrestleMania and

GM, Ford Turn on Each Other in EVs

Detroit's greatest rivalry is intensifying in the race to take on Tesla

By MIKE COLLAS

Mary Barra, General Motors Co.'s chief executive, spent weeks preparing for an onstage unveiling of the electric Chevrolet Silverado, GM's big play in the fledgling market for battery-powered pickup trucks.

Ten miles away at Ford Motor Co.'s headquarters, executives were plotting a preemptive public-relations

strike, said people familiar with the plan. The day before Ms. Barra's presentation in January, Ford said it would double factory capacity for its F-150 Lightning electric truck, citing overwhelming demand. Ford shares surged 12% that day.

◆ **Biden near** decision on pause in federal gasoline tax..... A3

meetings with investors, Ms. Barra was facing questions about why Ford's truck would beat GM's to market by a year. "They want to better understand the portfolio of EVs that we have coming," Ms. Barra said of the meetings, adding that the topic didn't dominate the conversation.

The Ford-GM rivalry—one of the business world's fiercest for a century—is taking on an urgent new dimension as the companies enter the electric age. Each is under pressure to show Wall Street it can close the gap on Tesla Inc., which has been cement-

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