

What's News

Business & Finance

GM's net profit declined 40% in the second quarter, hurt by a loss in China and supply-chain troubles that left the company with tens of thousands of unfinished vehicles it couldn't sell during the period. A1

◆ **Credit Suisse is set to announce the departure of CEO Gottstein, according to people familiar with the bank, part of an effort to turn around the lender's fortunes. A1**

◆ **Google parent Alphabet reported the slowest quarterly sales growth in two years, as macroeconomic pressures weigh on the market for digital ads. B1**

◆ **Microsoft posted its slowest earnings growth in two years, hurt by a deceleration in its cloud business, declining videogame sales and the effects of the strong dollar. B1**

◆ **Major U.S. stock indexes declined, with the S&P 500, Nasdaq and Dow industrials losing 1.2%, 1.9% and 0.7%, respectively. B13**

◆ **GE's revenue rose in the latest quarter on a rebound in its jet-engine business, but the company lowered its forecast for 2022 free cash flow. B1**

◆ **Activist investor Elliott Management has a stake in PayPal, according to people familiar with the matter. B1**

◆ **Shopify is laying off roughly 1,000 workers, or 10% of the e-commerce firm's global workforce, according to an internal memo. B1**

◆ **Twitter scheduled a shareholder vote on Musk's takeover proposal, weeks after he stated his intention to walk away from the deal. B4**

World-Wide

◆ **China tried to build a network of informants inside the Federal Reserve system, at one point threatening to imprison a Fed economist during a trip to Shanghai unless he agreed to provide nonpublic economic data, a congressional investigation found. A1**

◆ **Teva said it reached a national settlement agreement worth up to \$4.25 billion to resolve thousands of lawsuits over its alleged role in the opioid crisis. A3**

◆ **European countries agreed to sweeping cuts to natural-gas consumption, prompted by the threat of a Russian supply cutoff. A8**

◆ **Russia plans to pull out of the International Space Station, the leader of the country's space agency said. A18**

◆ **The Senate voted 64-32 to advance a package of subsidies and research funding to boost U.S. competitiveness in semiconductors and advanced technology. A6**

◆ **The Treasury is softening its limits on foreign tax credits, responding to corporations that have been warning about double taxation. A6**

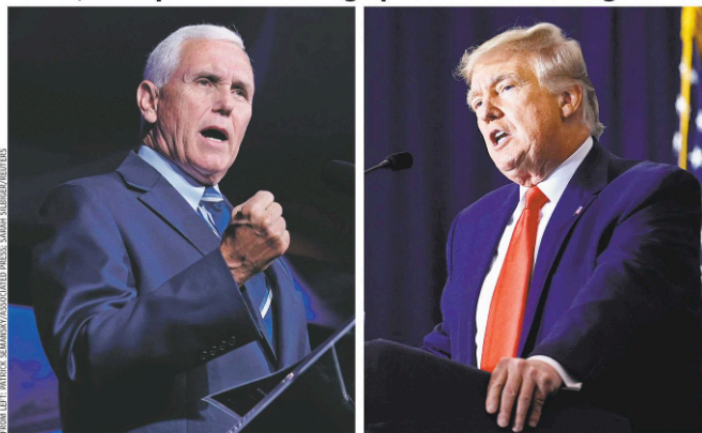
◆ **A majority of Tunisians who voted on a new draft constitution were in favor of adopting it, the nation's election commission said, paving the way for Saïed to consolidate his grip on power. A18**

◆ **The U.S. has talked about 3,600 confirmed or suspected monkeypox cases while nearing the top of the list of countries with the most known infections since the onset of the global health emergency. A3**

CONTENTS Personal Journal A12-27
Arts in Focus A13 Property Report B6
Business News B3-57 Sports A14
Circumstances A14 Technology A14
Health on Street B14 U.S. News A27
Markets B13 Weather A14
Opinion A25-17 World News A8-13



Pence, Trump Deliver Dueling Speeches in Washington



ON STAGE: Mike Pence and Donald Trump returned to Washington to give competing speeches at separate events on Tuesday. The appearances previewed a potential 2024 battle between the former vice president and former president. A4

Major Brands Keep Raising Prices as Their Costs Grow

By CONNOR HART

Consumers looking for relief from higher prices might have to wait a while.

The makers of Coca-Cola beverages, Dove shampoo, Huggies diapers and Big Macs have been raising prices as their costs increase on everything from wood pulp to wages. The executives behind these global brands on Tuesday said they would keep passing along those

costs to shoppers, for now. Consumers continue to buy even as inflation takes a toll on households, these executives said.

However, some companies are already warning of a consumer pullback. Walmart Inc. and the makers of Whirlpool Corp. appliances and Weber Inc. grills reported this week weakening demand for key products. The announcement from Walmart, which also cut its profit outlook, sparked a selloff in retail stocks and revealed cracks in the strong spending that has powered the U.S. economy through the pandemic.

"We continue to see resilience and a lot of demand not just in the U.S. but across the world," John Murphy, Coca-Cola Co.'s finance chief, said in an interview. Some consumers are willing, Coca-Cola said, to spend now after missing out on restaurant dining and entertainment during the pandemic.

Unilever PLC, whose products include Dove shampoo and Ben & Jerry's ice cream, said prices rose 11.2% across its portfolio. Kimberly-Clark Corp., which makes Huggies and Cottonelle toilet paper, said its net selling prices rose 9%.

Please turn to page A6

◆ Coke posts higher sales, lifts outlook... B3
◆ Higher menu prices boost McDonald's U.S. sales... B3

GM Profit Falls 40% On China Loss and Shortages

Car maker curbs some hiring, but expects demand to stay strong, production to step up

By MIKE COLIAS

General Motors Co.'s net profit declined 40% in the second quarter, hurt by a loss in China and supply-chain troubles that left the company with tens of thousands of unfinished vehicles it couldn't sell during the period.

GM executives reaffirmed the auto maker's full-year profit outlook, saying they expect production to increase sharply in the second half as the computer-chip shortage eases, and that consumers continue to pay top dollar for new vehicles.

Still, the nation's largest auto maker by sales on Tuesday missed analysts' profit projections, after warning earlier this month that a drop in North American factory output would hit quarterly results.

Chief Executive Mary Barra said GM is taking precautions to guard against weakening economic conditions, including curtailing some hiring. Executives said layoffs weren't in the plans for now, but said

Please turn to page A7

◆ Alphabet revenue growth slowest since 2020... B1
◆ Microsoft profit gains hurt by cloud business slowdown... B1

Beijing Spy Campaign Targeted The Fed, Probe Says

By KATE O'KEEFE AND NICK TIMIRAS

China tried to build a network of informants inside the Federal Reserve system, at one point threatening to imprison a Fed economist during a trip to Shanghai unless he agreed to provide nonpublic economic data, a congressional investigation found.

The investigation by Republican staff members of the Senate's Committee on Homeland Security and Governmental Affairs found that Fed employees were offered contracts with Chinese talent-recruitment programs, which often include cash payments, and asked to provide information on the U.S. economy, interest-rate changes and policies, according to a report of the findings released Tuesday.

In the case of the economist, the report said, Chinese officials in 2019 detained and tried to coerce him to share data and information on U.S. government policies, including on tariffs while the U.S. and China were in a trade war.

The report doesn't say whether any sensitive information was compromised in what it said has been a decade-long effort that began around 2013. Access to such information could provide valuable insights given the Fed's extensive analysis of U.S. economic activity, its oversight of the U.S. financial system, and the setting of interest-rate policy.

The Republican-led investigation said the Fed failed to mount an adequate response. The report's findings show "a sustained effort by China, over more than a decade, to gain influence over the Federal Reserve."

Please turn to page A2



PERSONAL JOURNAL
Flight prices usually drop in the fall, but this year's decline is steeper than usual. A12



WORLD NEWS
Europe agrees to cut natural-gas consumption as Russia reduces supply. A8

Drought Remakes California Lawns

'Water cops' check for overuse, offer tips to move away from green grass

By JIM CARLTON

CALABASAS, Calif.—This wealthy Los Angeles suburb is famed for its celebrity residents and meticulously landscaped homes. After a crack-down on water use, it is now gaining renown for having some of the brownest lawns in America.

"My kids are asking me, 'What is going wrong with this grass?'" said Siran Galstian, whose once verdant lawn is dying. "I have tears in my eyes, because I love the grass and they like playing in it."

Green lawns have been a mainstay of Southern California since water was first piped in from distant mountains over a century ago and transformed the semiarid region into an oasis.

Popularized in TV shows from "The Beverly Hillsbillies" to "Keeping Up With the Kardashians," lush lawns are so ubiquitous that the smell of freshly mowed grass and fizzing sound of sprinklers are as familiar as the endless sun.

After two serious droughts in the past decade, the classic

Please turn to page A10

Inflation's Byproducts: Bacon Soap or Dairy Vodka, Anyone?

Consumers respond 'Eww, we don't want that,' or 'Oh, that's really cool'

By HARRIET TORREY

OCEAN CITY, Md.—Kristie Williams sells Bumble Soap at her health-food store in this beach town. Its unusual main ingredient, she said, is hard to detect—unless you're a dog.

"I can't smell the bacon in the soup," she said. "My dogs can. Whenever I bring one home, they go crazy."

The yucky-sounding soap bars are being cooked up less than 4 miles away from Ocean City's Sunrize Diner, which also serves bacon

Please turn to page A10

Credit Suisse CEO Is Expected to Exit Following Scandals

Credit Suisse Group AG is set to announce the departure of Chief Executive Thomas Gottstein, according to people familiar with the bank, part of an effort to turn around the struggling fortunes of the Swiss bank.

By Julie Steinberg, Rachel Louise Ensing and Margot Patrick

The timing of his departure couldn't be determined, but an announcement could come as soon as Wednesday, when the bank is set to release quarterly results, the people said. Credit Suisse flagged in June that it would report its third quarterly loss in a row.

Mr. Gottstein has headed the bank since the start of the pandemic and presided over a se-

ries of costly mishaps, including the implosions of clients Greensill Capital and Archegos Capital Management in early 2021. He was tasked with leading the bank's cleanup, but has struggled to convince investors that Credit Suisse is on solid footing.

Some on the Credit Suisse board have grown frustrated at the lack of progress in restructuring the investment bank, according to one of the people familiar with the bank.

Investment banking head Christian Meissner is also slated to leave, the people familiar with the bank said. His departure isn't expected to come right away.

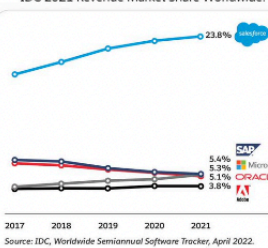
It couldn't be determined who would succeed Mr. Gottstein.

A Credit Suisse spokesman

Please turn to page A9

Salesforce. #1 CRM.

Ranked #1 for CRM Applications based on IDC 2021 Revenue Market Share Worldwide.



Source: IDC, Worldwide Semiannual Software Tracker, April 2022.

salesforce.com/number1CRM

CRM market includes the following IDC defined functional markets: Sales Force Productivity and Management, Marketing Campaign Management, Customer Service, Content Center, Advertising and Digital Commerce Applications. © 2022 Salesforce.com, Inc. All rights reserved. Salesforce.com is a registered trademark of Salesforce.com, Inc. or its other names and marks.