

What's News

Business & Finance

Stocks plunged after hotter-than-expected inflation data dashed investors' hopes that easing price pressures would prompt the Fed to moderate its campaign of rate increases. The S&P 500, Nasdaq and Dow slid 4.3%, 5.2% and 3.9%, respectively. Treasury prices fell sharply. **A1, A6, A7, B13**

◆ **Twitter investors** approved the \$44 billion takeover that Musk is trying to abandon on the same day a whistleblower alleged at a Senate hearing that the company misled regulators about security failures. **A1**

◆ **Americans as a whole** have experienced two years in a row of flat or declining household income, new government data showed. **A7**

◆ **Deposits at U.S. banks** fell by a record \$370 billion in the second quarter, the first decline since 2018, according to the FDIC. **B1**

◆ **Paramount Global** is considering discontinuing its Showtime streaming service and shifting its content into Paramount+. **B1**

◆ **Starbucks outlined** a strategic revamp that Schultz said would put the coffee giant on track for a turnaround by 2024. **B1**

◆ **The White House** is assessing how other transportation providers could fill potential gaps in the nation's freight network as unions and railroads continue contract talks. **B2**

◆ **Former Disney chief Iger** is joining Thrive Capital as a venture partner, where he will advise on day-to-day initiatives. **B1**

World-Wide

◆ **Ukraine looked** to maximize gains from a lightning-quick offensive in the country's northeastern Kharkiv region, making a diplomatic push for more weapons and deeper security ties with Western allies. **A8**

◆ **A new round of fighting** erupted between Armenia and Azerbaijan, threatening to unravel a cease-fire brokered by the Kremlin. **A10**

◆ **The Justice Department** last week served dozens of subpoenas on people associated with Trump's attempt to overturn the 2020 election and with planning the rally that preceded the attack on the U.S. Capitol. **A4**

◆ **West Virginia lawmakers** passed a ban on nearly all abortions, the second state legislature to approve new restrictions since the U.S. Supreme Court struck down Roe v. Wade. **A3**

◆ **Sen. Graham introduced** a bill that would ban doctors from performing abortions after 15 weeks of pregnancy, drawing a chilly reception from some prominent Republicans. **A3**

◆ **A foundation for CBS** founder Paley plans to auction off a trove of masterpieces long lent to New York's Museum of Modern Art for at least \$70 million to expand the museum's digital footprint. **A1**

◆ **Tens of thousands** of people said a final farewell to Queen Elizabeth II in the Scottish capital Tuesday before her coffin was flown to London later in the day. **A11**

◆ **Died: Jean-Luc Godard**, 91, iconoclastic filmmaker. **A12**

CONTENTS Personal Journal A23-24
 Arts in Review A15 Property Report, B6
 Business News B13 Sports B14
 Crossword A16 Technology B4
 Heard on Street B14 U.S. News A27
 Markets B11 Weather A16
 Opinion A17-19 World News A10-12



Stocks Sink on Dashed Inflation Hopes

Broad price pressures strengthen, new report shows, fueling Fed's tightening campaign

By GWYNETH GUILFORD

U.S. consumer prices increased sharply in August from July after excluding volatile food and energy prices, showing that inflation pressures remained strong and stubborn even as the year-over-year increase was slightly slower.

The Labor Department reported on Tuesday its consumer-price index rose 8.3% in August from the same month a year ago, down from 8.5% in July and from 9.1% in June, which was the highest inflation rate in four decades. The CPI measures what consumers pay for goods and services.

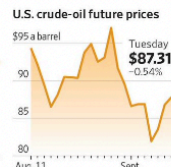
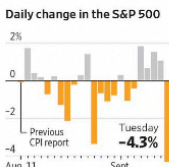
So-called core CPI, which excludes energy and food prices, increased 6.3% in August from a year earlier, up markedly from the 5.9% rate in both June and July—a signal that broad price pressures strengthened.

On a monthly basis, the core CPI rose 0.6% in August—double July's pace. Investors and policy makers follow core inflation closely as a reflection of broad, underlying inflation and as a predictor of future inflation.

"These data are hot and are a reflection of feed-through of higher energy prices from earlier this year. Inflation is a stubborn thing," said Jamie Cox, managing partner for Harris Financial Group, in a statement.

Inflation has recently shown signs of easing for some goods and services. Gasoline prices declined 10.6% in August from July, according to the CPI report. The national average price of regular gasoline was \$3.71 a gallon on Tuesday, *Please turn to page A6*

- ◆ Where prices rose and fell in August. **A6**
- ◆ Energy bills are climbing sharply. **A7**
- ◆ Heard on the Street: Inflation report thumps rate hopes. **B14**



S&P 500 suffers worst day in over two years, as investors reconsider rate outlook

By KAREN LANGLEY AND CAITLIN OSTROFF

Stocks suffered their worst day in more than two years after hotter-than-expected inflation data dashed investors' hopes that cooling price pressures would prompt the Federal Reserve to moderate its campaign of interest-rate increases.

Investors sold everything from stocks and bonds to oil and gold. All 30 stocks in the Dow Jones Industrial Average declined, as did all 11 sectors in the S&P 500. Only five stocks in the broad benchmark finished the session in the green. Facebook parent Meta Platforms dropped 9.4%, BlackRock declined 7.4% and Boeing fell 7.2%.

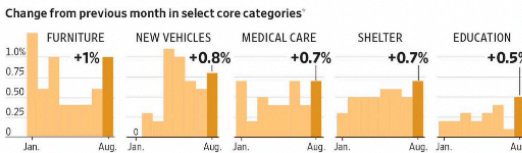
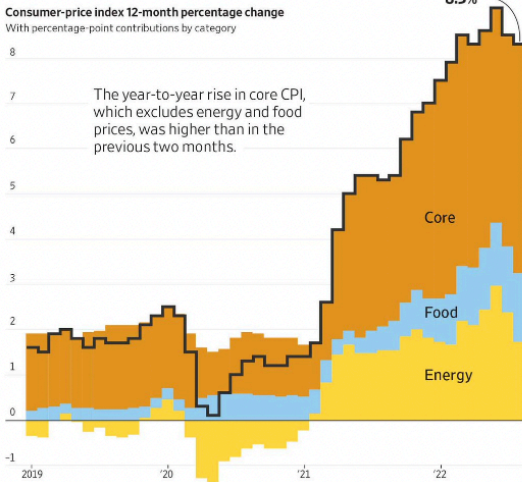
The Dow fell 1,276.37 points, or 3.9%, to 31,104.97. The S&P 500 declined 177.72 points, or 4.3%, to 3,932.69. The Nasdaq Composite slid 632.84 points, or 5.2%, to 11,633.57.

All three indexes posted their steepest one-day losses since June 11, 2020. The declines left the Dow industrials down 14% in 2022, while the S&P 500 has lost 17% and Nasdaq Composite has retreated 26%.

The selloff continued in the Asia/Pacific region early Wednesday, with stock benchmarks in Japan, Hong Kong and Australia each losing more than 2%. But S&P 500 futures rose 0.2%.

Investors had eagerly anticipated Tuesday's release of the consumer-price index, which provided a last major look at inflation before the central bank's interest-rate-setting committee meets next week. *Please turn to page A7*

- ◆ Bonds fall sharply on consumer inflation report. **B13**



* Seasonally adjusted. Source: Fed's Fed (CPI-90, all); Dow Jones Market Data (Treasury yields); Labor Department (CPI contributions); Labor Department via St. Louis Fed (change in core categories)

Ukraine's Economy Begins to Rebuild Away From Front

Some businesses are adding jobs in safer west, becoming military suppliers

By MARCUS WALKER

KYIV, Ukraine—At Nova Poshta, Ukraine's equivalent of FedEx, deliveries are back to 90% of their prewar level of a million parcels a day. After Russia launched its full-scale invasion of Ukraine in February, Nova Poshta's revenues fell to 2% of the prewar level. "I thought our company could disappear," said co-owner Vyacheslav Klimov, but as spring progressed, e-commerce and business activity resumed in areas away from the front lines, and many factories switched to supplying the military. "It means we're profitable and even have some money for future investments," he said.

Ukraine's economy, while hurting, is stabilizing after the deep crash set off by the war, thanks to a combination of quick policy actions, military

resilience and the flexible response of Ukrainian businesses to the damage and displacement. The uptick is boosting morale in the country along with recent combat breakthroughs in the east after months on the defensive. Early this year, as Russian forces threatened the capital Kyiv, it looked like Ukraine's economy might collapse, with gross domestic product for the year projected to fall by as much as half. It is still expected to be down about 30%, but summer saw a rebound from the depths of last spring. "Things are bad but stable," said Tymofiy Myrovanov, head of the World Bank mission. *Please turn to page A8*

- ◆ Kyiv presses to bolster ties with West. **A8**
- ◆ Xi, Putin set to hold bilateral meetings. **A9**
- ◆ Moscow's war plan is upended. **A9**

Twitter Investors Clear Sale As Whistleblower Testifies

By ALEXA CORSE AND SARAH E. NEEDLEMAN

WASHINGTON—Twitter Inc. shareholders approved the \$44 billion takeover that Elon Musk is trying to abandon on the same day that a whistleblower alleged at a hearing on Capitol Hill that the social-media company misled regulators about security failures.

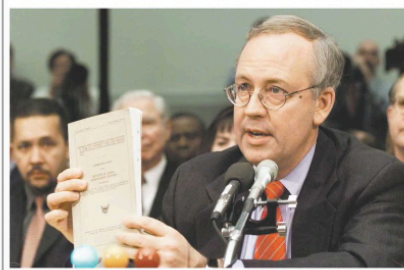
Former Twitter security executive Peiter Zatkó, who was

fired by the company in January, told the Senate Judiciary Committee on Tuesday that Twitter executives "incentivized" them to prioritize profits over security, echoing his whistleblower complaint.

Twitter has pushed back against his charges and said he was making misleading statements. He was called before the committee to provide more information on his assertions. Democrats and Republicans

have raised concerns about social-media companies in recent years over how they use and protect customer data. "Twitter is an immensely powerful platform that cannot afford gaping security vulnerabilities," Sen. Dick Durbin, chairman of the Judiciary Committee and a Democrat from Illinois, said in opening remarks at the hearing.

Sen. Chuck Grassley of Iowa also spoke. *Please turn to page A2*



Ken Starr Dies at Age 76

Ken Starr, the independent counsel whose investigation led to President Bill Clinton's impeachment, died at age 76. He was also a former solicitor general and judge. **A3**

Move Over, Bollywood, Tollywood Is Ready for Its Close-Up

South India goes crazy for films in local languages; 20,000 gallons of spilled milk

By SHAN LI AND RAJESH ROY

HYDERABAD, India—Manoj Swarath's chief executive of a Hyderabad-based social-media marketing firm, says he's given up trying to squeeze productivity out of his workers on certain key days. These

aren't official holidays—he means the opening days for the latest South Indian blockbuster action-hero films.

Swaths of the region come to a standstill for the kickoff of the star-laden movies. Some companies give their employees the day off because they

Big Auction of Art to Bankroll Museum's Digital Expansion

By KELLY CROW

A foundation for CBS founder William Paley plans to auction off a trove of masterpieces long lent to New York's Museum of Modern Art for at least \$70 million this fall to expand the museum's digital footprint.

The paintings and sculptures—including works by Picasso, Renoir and Rodin—have

been in MoMA's care since Mr. Paley died in 1990. On Tuesday, his namesake foundation confirmed it had enlisted Sotheby's to auction off 29 of his 81 pieces at MoMA.

Most of the proceeds are earmarked to expand the museum's digital presence, from possibly launching its own streaming channel to potentially buying more art, digital or otherwise.

Pablo Picasso's 1919 Cubist "Guiter on a Table," which once hung above the fireplace in Mr. Paley's Manhattan bedroom, will be offered up for at least \$20 million on Nov. 14 in New York. Francis Bacon's 1963 small-format triptych, "Three Studies for Portrait of Henrietta Moraes," will be offered for at least \$35 million on Oct. 14 in London. *Please turn to page A13*