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U.S. Edition

DIJA Closed(37689.54)

NASDAQ Closed(15011.35)

STOXX 600 Closed(479.02) 10-YR. TREAS. Closed (yield 3.860%)

OIL Closed(\$71.65)

GOLD Closed(\$2,062.40)

EURO \$1.1048

YEN 140.88

What's News

Business & Finance

◆ **Investors anticipate a** good year for stocks in 2024 in the belief that the Fed's campaign to fight inflation is winding down, ending the interest-rate increases that buffeted markets in recent years. **A1**

◆ **U.S. employers slowed** hiring and handed out smaller raises in recent months, signs of fading momentum in the job market that have some forecasters expecting unemployment to increase in 2024. **A3**

◆ **A surprise surge in U.S.** oil and gas production and exports is helping to keep the world stocked, blunting the impact of widening conflict in the Middle East. **B1**

◆ **Redemptions from** non-traded real-estate investment trusts are expected to continue to exceed funds raised as 2024 gets under way, further straining the sector. **B1**

◆ **Volkswagen has so far** been disappointed in its quest to build an electric "people's car" with the mass appeal to match the success of its historic gasoline-powered models. **B1**

◆ **Delta Air Lines** is planning to hire roughly half as many pilots this year as the carrier did in 2023, the latest sign that a more-than-two-year pilot-hiring spree is starting to slow. **B2**

◆ **Demand for manganese** used in rechargeable batteries is buoying the fortunes of South Africa's closely held MMC, which sources ore from the Kalahari desert. **B9**

World-Wide

◆ **Israel's highest court** struck down a controversial judicial overhaul law enacted last year by Netanyahu's government that would have limited the justices' power, a ruling that analysts said could have substantial consequences for postwar domestic politics. **A1**

◆ **Israel began** preparations for prolonged fighting in the Gaza Strip, shuffling forces as it weighs how to sustain lower-intensity fighting over the long term. **A7**

◆ **A powerful 7.6-magnitude** earthquake that struck an area along the west coast of Japan killed at least 30 people and caused a tsunami wave of at least 4 feet. **A16**

◆ **The head of South Korea's** opposition party was stabbed in the neck during a Tuesday visit to the port city of Busan, and the alleged assailant was arrested at the scene. **A16**

◆ **Chief Justice Roberts** in his year-end report addressed the promise and perils of artificial intelligence for the federal judiciary while avoiding discussion of the ethics questions that dogged the U.S. Supreme Court in 2023. **A3**

◆ **The GOP has an edge** in the fight for control of the Senate heading into November's elections, as Democrats work to defend key seats in states Trump won decisively in 2020. **A4**

◆ **The Energy Department** accelerated its purchases of crude oil in recent weeks, helping to replenish stocks released from petroleum reserves in 2022 and signaling the agency could move more aggressively in 2024. **A4**

JOURNAL REPORT Year-End Review & Outlook: Markets & Finance. **R1-14**

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Hearty Swimmers Plunge Headlong Into 2024



CHILL LIFE: Revelers take part in the annual L Street Brownies' polar bear plunge on New Year's Day in Boston.

Optimism Flows on Wall Street, Fueled by Economy, Rise of AI

By CHARLEY GRANT

Wall Street is feeling sunny about the stock market as the calendar flipped to 2024. Last year's widespread skepticism proved to be misplaced. Stocks rose through much of 2023, powered by the rise of artificial intelligence and an economy that stayed stronger than nearly all of Wall Street had anticipated. The recession that investors had largely agreed was immi-

nent never came. Now, with the S&P 500 within 0.6% of a record high, the crowd is much more optimistic. Behind the dramatic turn in attitude is a growing belief among investors that the Federal Reserve's campaign to fight inflation is winding down, ending the interest-rate hikes that buffeted markets in recent years. Many now expect the central bank will likely next cut rates in-

stead, shifting market dynamics in ways that seemed unlikely just months ago. Obvious risks are on the horizon: A sharp fall in rates could follow bad news, like an economic shock or recession. The few big stocks that powered the market higher last year could run out of steam. The looming presidential election in the U.S., and wars in Europe and the Middle East, might make the world less investor-friendly.

But 2023's big gains and the prospect of even smoother seas ahead have helped dissipate much of the gloom. "Instead of a higher for longer rate environment, it's lower and sooner," said David Kostin, chief U.S. equity strategist at Goldman Sachs. Goldman has an S&P 500 target of 5100, implying a return of about 7% from current levels near 4770. Strategists at JPMorgan Chase are among the bears, with a

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Covid-19 Slashed Consumer Choices

By PAUL BERGER

The furniture retailer Malouf sells beds and bedding in a fraction of the colors it did a few years ago. Newell Brands, the Sharpie maker, has retired 50 types of Yankee Candle. Coca-Cola offers half as many drinks. Covid led companies to slash consumer choices, paring their offerings to ease clogs in the supply chain. The logistical mess is behind them. But many of the choices aren't coming back. Retailers and suppliers across industries—from groceries to health, beauty and furniture—have said that it didn't pay to offer products for everyone, and consumers didn't care that much when they stopped. "Today, people would rather lose a portion of consumer demand as opposed to

spending extra on too much variety," said Inna Kuznetsova, chief executive officer of ToolsGroup, a company that specializes in supply-chain planning and optimization. The president and CEO-elect of Macy's, Tony Spring, told analysts in November that "the customer today does not want an endless aisle." In 2023, new items made up about 2% of products in stores across categories such as beauty, footwear and toys, down from 5% of items in 2019, according to the market-research firm Circana. Shelf Engine, a technology company that automates ordering for grocery retailers, said large grocery stores have reduced offerings of fresh foods such as fruit, dairy products and deli meats by 15% to 20%. The cutbacks by large gro-

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INSIDE



U.S. NEWS
Robust raises in recent years have rendered minimum wages irrelevant for many. **A3**



SPORTS
Michigan beat Alabama 27-20 and will move on to the college championship game. **A12, WSJ.com**

Gaza's Destruction Stands Out In Modern History

Satellite images reveal scale of damage

By JARED MALSIN
AND SAEED SHAH

The war in the Gaza Strip is generating destruction comparable in scale to the most devastating urban warfare in the modern record. By mid-December, Israel had dropped 29,000 bombs, munitions and shells on the strip. Nearly 70% of Gaza's 439,000 homes and about half of its buildings have been damaged or destroyed. The bombing has damaged Byzantine churches and ancient mosques, factories and apartment buildings, shopping

malls and luxury hotels, theaters and schools. Much of the water, electrical, communications and healthcare infrastructure that made Gaza function is beyond repair. Most of the strip's 36 hospitals are shut down, and only eight are accepting patients. Citrus trees, olive groves and greenhouses have been obliterated. More than two-thirds of its schools are damaged. Israel says that the bombing campaign and ground offensive has inflicted thousands of casualties on its

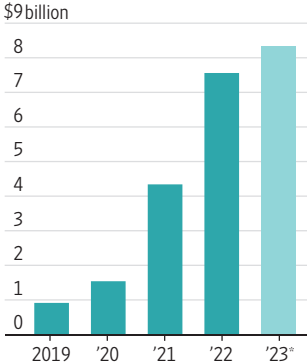
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Sports-Betting Traders Juggle Athletic Drama, Money Behind It

By KATHERINE SAYRE

JERSEY CITY, N.J.—Miami Dolphins wide receiver Tyreek Hill recently marked a 78-yard touchdown with an unusual celebration. He and teammates imitated riding a roller coaster, sitting on the field with their arms waving overhead. More than 200 miles away, sports-betting company FanDuel's sports-trading desk was riding its own waves that Sunday afternoon. The traders on duty—self-professed sports buffs with a knack for math—were trying to predict how National Football League athletes and teams would perform that day. Sports-trading desks are similar to financial-trading

U.S. sports-betting revenue



desks on Wall Street, which enable investors to buy and sell stocks and bonds. However, the sports desks create

odds to influence and entice bets in a live market where hundreds of millions of dollars are exchanged on U.S. athletic events. Hill's seconds-long run into the end zone meant a \$68,000 hit to the sportsbook on customer bets on whether he would score the first touchdown of the game. Immediately, bettors' money started rolling in on Hill to score more touchdowns and gain more yards. The Dolphins ended up trouncing the Washington Commanders 45-15. FanDuel lost \$1 million on the game. "You have good days, bad days," said Will Twinn, a lead FanDuel sports trader that

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FROM PAGE ONE

The Ruined Landscape Of Gaza

Continued from Page One

intended target, Hamas. That U.S.-designated terrorist group's cross-border assault on Oct. 7 killed 1,200 Israelis, most of them civilians, according to Israeli officials. The attackers tortured residents and burned homes as they went.

In Israel's response, its bombs, artillery shells and soldiers have killed more than 21,000 Palestinians, according to health officials in Gaza. The figure doesn't distinguish between civilians and militants. Most of them are women and children, those officials said.

The destruction resembles that left by Allied bombing of German cities during World War II. "The word 'Gaza' is going to go down in history along with Dresden and other famous cities that have been bombed," said Robert Pape, a political scientist at the University of Chicago and the author of a history of aerial bombing. "What you're seeing in Gaza is in the top 25% of the most intense punishment campaigns in history."

Crumpled concrete

Three months ago, Gaza was a vibrant place. Despite decades of Israeli occupation, sieges and wars, many Palestinians enjoyed living there beside the Mediterranean Sea, where they gathered in cafes and seaside restaurants. Families played on the beach. Young men crowded around TVs in the evening to watch soccer.

Today, Gaza is a landscape of crumpled concrete. In northern Gaza, the focus of Israel's initial offensive, the few people who remain navigate rubble-strewn streets past bombed-out shops and apartment blocks. Broken glass crunches underfoot. Israeli drones buzz overhead.

In the south, where more than a million displaced residents have fled, Gazans sleep in the street and burn garbage to cook. Some 85% of the strip's 2.2 million people have fled their homes and are confined by Israeli evacuation orders to less than one-third of the strip, according to the United Nations.

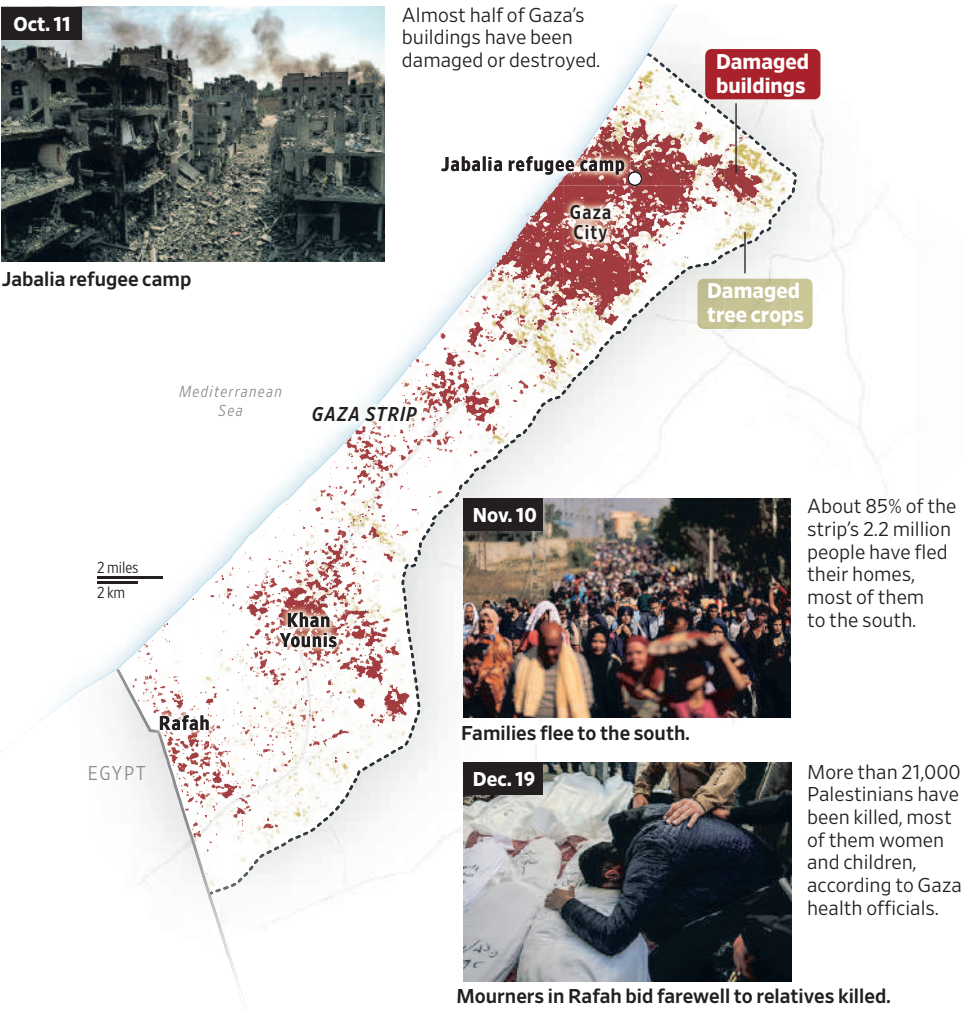
The Israeli military said it is targeting Hamas and taking steps to avoid killing civilians, including by encouraging residents to leave areas it is attacking. Israeli military spokesman Daniel Hagari said in October that "while balancing accuracy with the scope of damage, right now we're focused on what causes maximum damage."

Israel has accused Hamas of using civilian buildings to hide entrances to tunnels in which it stores weapons and hides commanders. "When you ask why civilian infrastructure is being damaged in Gaza, look at where Hamas built its military infrastructure, then point your finger at Hamas," Eylon Levy, a spokesman for the Israeli prime minister's office, said on Dec. 17 on X, formerly Twitter. The U.S. recently pressed Israel to try to limit the number of civilian casualties.

With the war zone mostly closed to the outside world, experts are surveying damage by



The headquarters of the Palestinian parliament in Gaza City was destroyed by Israeli forces during their ground operation.



Note: Damage as of Dec. 16. Areas where tree and building damage overlap appear darker. Sources: Corey Scher/CUNY Graduate Center, Jamon Van Den Hoek/Oregon State University (building damage); Dr. He Yin/Kent State University (tree damage); Gaza officials (deaths); Getty Images (2 photos); Zuma Press (1 photo)

analyzing satellite imagery and using remote sensing, which monitors physical characteristics by measuring reflected and emitted radiation at a distance. Their findings, they said, are initial and will need verification on the ground, but are likely an underestimate.

According to analysis of satellite data by remote-sensing experts at the City University of New York and Oregon State University, as many as 80% of the buildings in northern Gaza, where the bombing has been most severe, are damaged or destroyed, a higher percentage than in Dresden.

He Yin, an assistant professor of geography at Kent State University in Ohio, estimated that 20% of Gaza's agricultural

land has been damaged or destroyed. Winter wheat that should be sprouting around now isn't visible, he said, suggesting it wasn't planted.

A World Bank analysis concluded that by Dec. 12, the war had damaged or destroyed 77% of health facilities, 72% of municipal services such as parks, courts and libraries, 68% of telecommunications infrastructure, and 76% of commercial sites, including the almost complete destruction of the industrial zone in the north.

More than half of all roads, the World Bank found, have been damaged or destroyed. Some 342 schools have been damaged, according to the U.N., including 70 of its own schools.

An assessment by the U.S. Office of the Director of National Intelligence found that Israel dropped 29,000 weapons on Gaza in a little over two months, according to U.S. officials. By comparison, the U.S. military dropped 3,678 munitions on Iraq from 2004 to 2010, according to the U.S. Central Command. Among the weapons provided by the U.S. to Israel during the Gaza war are 2,000-pound "bunker buster" bombs designed to penetrate concrete shelters, which military analysts said are usually used to hit military targets in more sparsely populated areas.

Gaza has a rich 4,000-year history. It was a Canaanite and Pharaonic port city that served

as a waypoint on trade routes between Africa and Asia. Through history, it built back from wars, sieges, plagues and earthquakes. In 332 B.C., it was the last city to resist Alexander the Great's march to Egypt—an act of defiance that fueled a mythology of a people who would never bow.

The majority of Gaza's residents are either refugees themselves or descendants of those who fled land that is now the state of Israel.

Israel seized the Gaza Strip from Egypt in 1967. In 2005, a year after another Israeli military operation against Hamas in Gaza, it withdrew its remaining soldiers and settlements, although it maintained control over the enclave's borders, coastline and airspace. Israel and Egypt severely restricted movement in and out of Gaza in 2007 after Hamas took control of it, ending decades in which many Gazans worked inside Israel.

Historic sites

The current war hasn't spared treasured historic sites. The Great Omari Mosque, an ancient building that was converted from a fifth-century church to a Muslim place of worship, has been destroyed, its minaret toppled. An Israeli airstrike in October hit the fifth century Church of Saint Porphyrius, killing at least 16 Palestinians sheltering there.

"The loss of the Omari mosque saddens me more than the destruction of my own house," said Fadel Alatel, an archaeologist from Gaza who fled his home to shelter in the southern end of the strip.

The exclusive Rimal neighborhood, with its broad boulevards and beauty salons, was reduced to rubble in the opening days of the war. Israeli attacks have destroyed Gaza's main courthouse, parliament building and central archives.

Israel says many of its airstrikes have targeted Hamas's network of tunnels underneath Gaza, which they say also hid hostages taken on Oct. 7. Those tunnels lie beneath densely

populated areas in ground that contains important municipal infrastructure, making for a challenging battlefield.

"It's not a livable city anymore," said Eyal Weizman, an Israeli-British architect who studies Israel's approach to the built environment in the Palestinian territories.

Any reconstruction, he said, will require "a whole system of underground infrastructure, because when you attack the subsoil, everything that runs through the ground—the water, the gas, the sewage—is torn."

Europe's cities were rebuilt after two world wars. Beirut rose again after civil war and Israeli bombardment. Iraq's Mosul and Syria's Raqqa have limped back to life after U.S.-led air campaigns leveled them during the war against Islamic State, though reconstruction has been slow for both.

Road to recovery

Gaza faces unique challenges. No one knows who will take control if Israel achieves its aim of destroying Hamas. Israel has said it opposes a U.S. plan to place the Palestinian Authority, which runs parts of the occupied West Bank, in charge of the strip.

The enclave's unusual status as a territory with borders controlled by Israel further complicates any road to recovery. After other recent wars in Gaza, Israel has sometimes blocked the entry of construction materials, arguing Hamas could use them for military purposes. In 2015, a full year after a 2014 cease-fire, only one house had been rebuilt—not because of a lack of funds, but because cement wasn't allowed in.

An analysis by the Shelter Cluster, a coalition of aid groups led by the Norwegian Refugee Council, concluded that after the current war, it will take at least a year just to clear the rubble, a task complicated by having to safely remove unexploded ordnance.

Rebuilding the housing will take seven to 10 years, if financing is available, the group said. It will cost some \$3.5 billion, it estimates, not including the cost of providing temporary accommodation.

The level of damage in Gaza is almost double what it was during a 2014 conflict, which lasted 50 days, with five times as many completely destroyed buildings, according to the Shelter Cluster. In the current conflict, as of mid-December, more than 800,000 people had no home left to return to, the World Bank found.

"In a best-case scenario, it's going to take decades," said Caroline Sandes, an expert in postconflict redevelopment at Kingston University London.

Alaa Hasham, a 33-year-old mother living in Gaza City's upscale Rimal neighborhood, used to enjoy sitting in her apartment's rooftop garden, taking her children to a seaside resort on the weekends and playing chess with friends. She fled with her family soon after the bombing began, joining the small minority of Palestinians who were able to leave for Egypt.

Though her home is destroyed, she is clinging to hope that someday she will return to Gaza.

"People think I'm crazy for wanting to go back," she said. "Gaza is a special place."

—Abeer Ayyoub, Anas Baba, Joanna Sugden and Suha Ma'ayeh contributed to this article.

Minnesota Misses the Icy Cold

Continued from Page One

close kinship with winter. For them, it is a season to escape, endure or embrace. The em-bracers go big. Towns compete for the title of the state's coldest spot, thrillseekers surf the big waves off Duluth, and bars pop up in the middle of frozen lakes to cater to ice fishermen.

Now, relatively balmy temperatures and scarce snow have upended life as Minnesotans know it, disrupting routines, canceling wintry events and leaving many anxiously hoping for a return to bone-chilling normal.

"Pray for cold weather so we can go fishing!" wrote Garrison Sports Bait & Tackle in a post on its Facebook page.

The shop on Mille Lacs Lake is about 100 miles north of

Minneapolis, not normally a region where the locals need divine intervention to make ice in the winter.

In colder years, owners Ashley Schmaltz and her husband, Wayne Schmaltz, use a heavy-duty diesel truck to plow snow from the ice for fishing. As many as 200 ice houses might dot the lake along their property. As of Saturday morning, Schmaltz could see open water. Her family's portable ice house remains folded in their backyard, and everybody she knows is itching to get out ice fishing. "People are bored."

The local economy also counts on wintertime tourism, so on Facebook, Garrison Sports Bait & Tackle is urging anglers who typically take their boats off the water in late fall to put them back in. "Word is the bite is awesome. We are still offering 20% off bait until the lake freezes!"

The unusual season is, in part, because air currents that deliver freezing temperatures to the state have shifted north with the El Niño weather system, a natural warming condi-

tion in the Pacific Ocean. Climate change has also contributed, says Pete Boulay, a climatologist with the Minnesota Department of Natural Resources.

Minnesota's lack of snow is compounding the problem, since snow reflects solar radiation, Boulay says. Maps updated weekly show snow cover in a pocket of northwestern counties disappearing. The rest of Minnesota is largely bare.

Just last winter, Minnesota's snowfall set or neared record amounts in cities including Duluth, Minneapolis and St. Paul. "It's almost like we had two winters last year, and that's making up for this one," says Boulay.

Unseasonable weather has canceled events including kick-sledding and cross-country skiing classes at Battle Creek Regional Park in St. Paul. Also put

on ice was the Minnesota Ice Festival, which noted in an announcement that "the weather hasn't cooperated."

Others remain determined. "We are monitoring the temps in Minneapolis, looking at several forecast models, begging Mother Nature, and praying to the pond hockey gods," said organizers in a message to teams competing in the U.S. Pond Hockey Championships.

The Minneapolis event is scheduled for mid-January on Lake Nokomis, which as of Saturday was a disappointing mix of thin ice and open water.

Snow-making teams at Battle Creek park are closely watching for suitable conditions. "We're just waiting for good weather," says Rob Adams, parks maintenance and operations supervisor for Ramsey County. By good weather, he explains, he means about 10 degrees.

Many are hoping for a return to bone-chilling normal.

Lately, they have been making snow when a measure of temperature and humidity reaches 27 degrees, the minimum needed. At 3 a.m. Friday, crews got an opening and set to work. Warming temperatures forced them to stop around 11 a.m.

Mary Collins decided she would learn to love winter when she moved to Minneapolis from more-temperate Seattle in 2017. Collins and her girlfriend even set their wedding date for February. "We love winter," Collins says. "We decided to lean into it."

They have invited wedding guests to dip into Minneapolis's Lake Harriet before the ceremony, and have planned cross-country skiing for the following day. Collins is staying positive about the dip, since Lake Harriet's waters will surely be chilly, with or without ice. "We'll see who shows up," she says. "Some people are talking a big game."

Mark McCabe, parks and recreation director for Ramsey County, says he isn't missing "the frozen lips and eyelashes

as you're clearing snow off your driveway and it's blowing back on your face."

And Mike Thomas, general manager for the North Links Golf Course in North Mankato, Minn., sold out tee times days before Christmas. Eager golfers, hustling to grab spots that were limited by the season's early nightfalls, contacted Thomas directly by phone and social media. "I turned away friends," he says.

North Links closed after a final day of golf on Dec. 23, the latest in 30 years Thomas has managed the course.

Greg McKush, owner of Montgomery National Golf Club, kept his course open through New Year's Day, so golfers can boast they played in Minnesota in January. Another plus: Shallow water hazards can freeze overnight, keeping balls in play.

McKush says the extended season will help finance planned investments. "As much as I like winter and white," he adds, "green is good right now for me. I mean in the dollar form."