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THE WALL STREET JOURNAL.

DOW JONES | News Corp | * * * * * * | WEDNESDAY, AUGUST 19, 2026 ~ VOL. CCLXXXVIII NO. 42 | WSJ.com | ★★★★ $5.00

DJIA 53343.40 ▼ 116.38 0.22% | NASDAQ 26289.71 ▼ 1.3% | STOXX 600 651.90 ▼ 0.7% | 10-YR. TREAS. ▲ 5/32, yield 4.706% | OIL $84.94 ▲ $0.44 | GOLD $4,366.00 ▼ $51.80 | EURO $1.1578 | YEN 159.61

What's News

Business & Finance

◆ **A continuing global** bond selloff is hammering governments, businesses and families, and while stocks hover near record highs U.S. indexes wobbled on Tuesday, with the S&P 500, Nasdaq and Dow falling 0.7%, 1.3% and 0.2%, respectively. **A1**

◆ **Trump said he** would pause a new 50% tariff set to go into effect on $20 billion worth of goods from Canada as the two countries seek an agreement. **A2**

◆ **KKR recently bid** for UGI, offering roughly $9 billion to take over the Pennsylvania-based natural-gas and electricity distributor. **B1**

◆ **OpenAI's** second-quarter sales showed tepid growth compared with Anthropic's, disappointing some shareholders who had hoped for evidence the gap was closing. **B1**

◆ **Costco plans a** limited rollout of Costco-branded Medicare plans, working with nonprofit insurer SCAN Group. **B1**

◆ **Homeowners took on** smaller spring maintenance projects in the recent quarter, lifting Home Depot's sales and encouraging the company to back its full-year outlook. **B3**

◆ **Individuals and firms** criticized a Trump administration plan to ax a longstanding rule meant to ensure that investors get the best price when trading stocks. **B10**

◆ **Payments company** Klarna cut its outlook for a key metric as it expects softness in consumer spending to continue. **B4**

◆ **Baidu's financial** performance continued to deteriorate in the second quarter as the company works to remake itself as an AI enterprise. **B4**

Worldwide

◆ **Iranian attacks on** shipping in the Strait of Hormuz are piling up without a U.S. military response, raising the risks of crossing the waterway and frustrating some Arab allies who worry the U.S. doesn't have a strategy to wind down the conflict. **A1**

◆ **Trump is pushing aides** for a meeting as soon as this fall with North Korea's leader, seeking to again attempt to persuade Kim Jong Un to abandon his nuclear-arms program. **A7**

◆ **Trump ally** Rep. Byron Donalds won the GOP nod for governor in Florida, while Democratic socialist Angie Nixon scored an upset win in the Democrats' Senate primary, and scandal-plagued Republican Rep. Cory Mills lost his primary. **A4**

◆ **Walt Disney's ABC** sued the FCC, alleging the agency's efforts to challenge its broadcast licenses and regulate content are illegal and an offense against free speech. **A2**

◆ **Opening statements** in a child-safety trial against Meta Platforms began in what could be the most consequential social-media harm case yet. **A3**

◆ **Trump has selected** one of his top White House health aides, Dr. Heidi Overton, to lead the FDA, people familiar with the matter said. **A3**

◆ **The U.S. Forest Service** aims to open more than 44 million acres of national-forest land to logging and road construction, reversing a policy that protected wildlife habitats for decades. **A3**

◆ **Died: Bill Rasmussen**, 93, ESPN co-founder. **B3** ... **Frank Beard**, 77, ZZ Top drummer. **A5**

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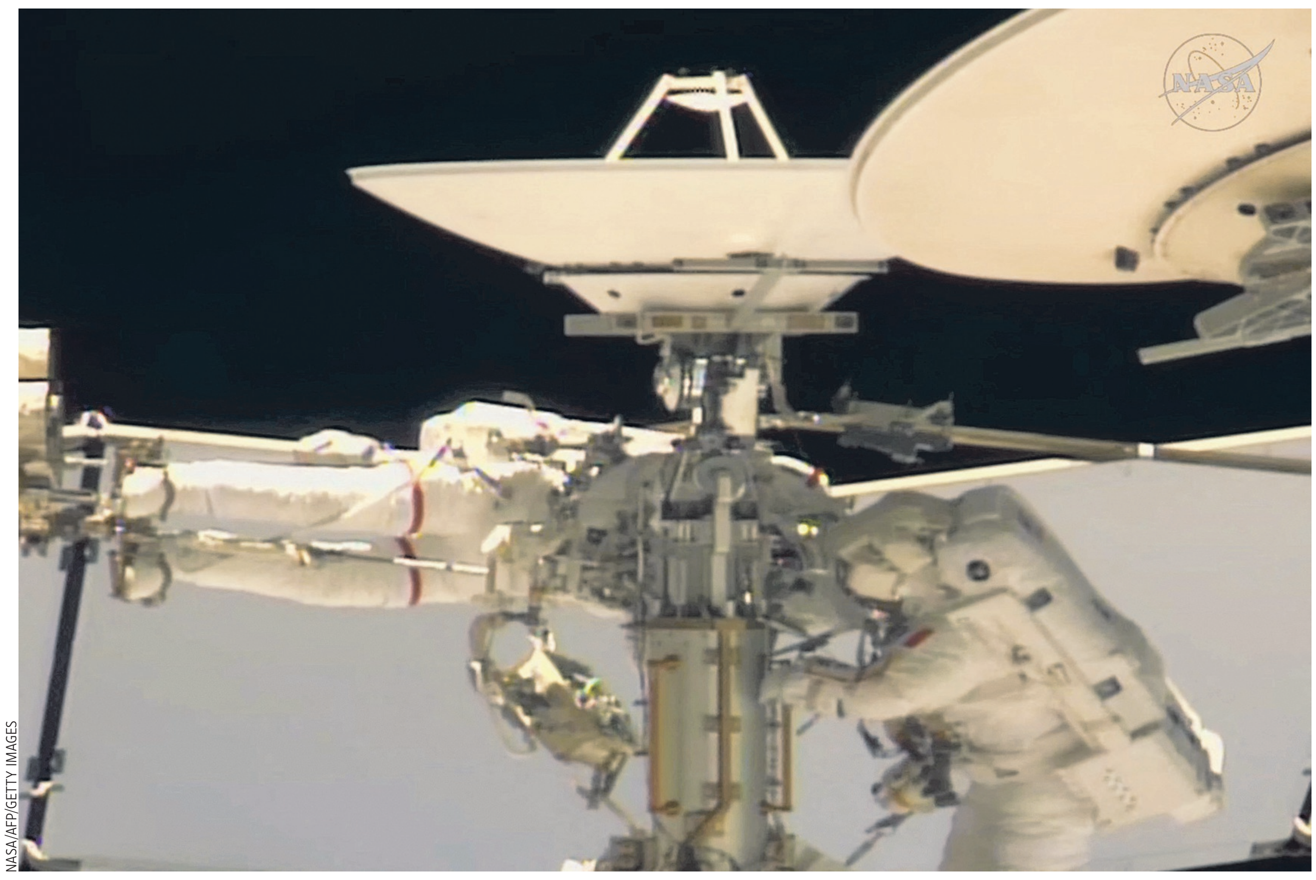
Spacewalkers Take On a Historic DIY Job



NASA/AFP/GETTY IMAGES

OUT THERE: Sophie Adenot, right, became the first Frenchwoman to go on a spacewalk Tuesday. In a NASA image, she and the U.S.'s Anil Menon remove a faulty antenna on the International Space Station. A return spacewalk is needed to complete the fix.

Iranian Ship Attacks Frustrate Gulf Nations as U.S. Holds Fire

U.A.E. says Tehran hit 7 of its ships this month as Trump raises economic heat

By Summer Said, Rebecca Feng and Shelby Holliday

DUBAI—Iranian attacks on shipping in the Strait of Hormuz are piling up without a U.S. military response, raising the risks of crossing the strategic waterway and frustrating some Arab allies who worry the U.S. doesn't have a strategy to wind down the conflict.

Iran fired two ballistic missiles toward the strait on Tuesday, triggering air defenses in the United Arab Emirates, according to that country's Ministry of Defense, which said the missiles were targeting maritime traffic but fell into the sea.

Earlier Tuesday, an Iranian attack hit the engine room of a bulk carrier in the strait east of Oman, leaving the chief engineer dead, maritime security firms said.

The U.A.E. said Iran has attacked seven of its ships this month. So far, August accounts for 20% of all attacks on shipping in the war, which is approaching its six-month mark.

Abu Dhabi halted trade, commercial exchanges and financial transactions with Tehran in light of regional escalations, U.A.E. foreign-ministry spokeswoman Afra Al Hameli said on X on Tuesday.

U.S. Central Command, which oversees U.S. forces in the Middle East, hasn't announced retaliatory strikes on targets in Iran since late July. The U.S. has continued to prevent ships from visiting Iranian ports, however, including firing Hellfire missiles to stop vessels trying to breach its blockade.

The restraint reflects President Trump's current strategy to back off military action in favor of tightening economic pressure on Tehran.

Earlier in the summer, the U.S. repeatedly launched punishing strikes after Iran attacked ships, prompting Iran to lob missiles and drones across the Persian Gulf. Until Tuesday, the U.A.E.'s air defenses hadn't been triggered since mid-July. The skirmishes forced the U.S. and their regional allies to use more of their shrinking supply of defensive interceptors and

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◆ Heard on the Street: What's next for Big Oil?............... B11

Treasury Yields Soar to Highest Since '07

Investors predict a new era in the credit markets, and it looks a lot like 19 years ago

By Sam Goldfarb And Richard Rubin

A selloff in global bonds is driving up borrowing costs for governments, businesses and families across the developed world. U.S. bond yields are at 19-year highs, and Wall Street sees no end in sight.

Investors are blaming the rout on everything from the continuing U.S.-Iran conflict, which has stoked inflation worries, to the deluge of tech-company bonds vying for debt funds' cash. They are also anxious about budget deficits and lack of clarity from a new Federal Reserve chairman.

Few see eye to eye on exactly how much weight to put on any one factor, but most agree on one thing: None of those conditions are likely going away soon. What's more, many see something larger driving the selloff: the economy's resilience in the face of interest rates that were once considered high enough to slow growth significantly.

If the 2008-09 financial crisis ushered in an era of ultralow interest rates, then current market conditions might mark a return to the way things were before that downturn, some said. Investors are hesitant to buy longer-term bonds because of the risk that rates could move higher, and possibly much higher, even if the Fed doesn't move immediately.

"Basically, this is a normalization," said Robert Tipp,

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INSIDE

PERSONAL JOURNAL
Baby boomers are wealthy, healthy—and splurging on global travel. **A9**

DAVID PAUL MORRIS/BLOOMBERG NEWS

BUSINESS & FINANCE
Costco is rolling out something new for its members: its own Medicare plan. **B1**

Inside the Hidden Deals That Snared Dodgers Owner

Under pressure from federal investigators, billionaire Mark Walter is racing to save his sports-and-finance empire

By Justin Baer, Margot Patrick, Joe Wallace and Andrew Beaton

Mark Walter stunned the sports world in 2012 with a deal that left his wealthy rivals wondering how the chief executive of Guggenheim Partners, little-known outside Wall Street, had funded the purchase of the Los Angeles Dodgers, one of the premier teams in Major League Baseball.

Few moguls can now claim they aren't familiar with Walter and his international sports kingdom, which spans every season. His playbook, using loans from insurance companies he controls to finance his other investments, is now under scrutiny.

In the years after the Dodgers deal, Walter bought stakes in the WNBA's L.A. Sparks, England's Chelsea FC and a Formula One racing team, as well as financing the Professional Women's Hockey League. He also accumulated trophy properties, including mu-

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British Pubgoers vs. 'Fun Police'

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Country up in arms over plans to curb sidewalk drinking

By Julia Amann

LONDON—In Britain, a night at the pub doesn't require a table, a chair or even indoor shelter. It just needs a pint and somewhere to stand.

On summer evenings here, the streets are thronged with people spilling out onto the sidewalk to enjoy a pint and take a rare break from complaining about the weather. It's a fixture of British life—and, for many, an essential right.

"The minute it's bright and sunny, people just lose their minds," said Harriet Stansell, 35. "Everyone's standing outside to enjoy the sunshine while it's there, together."

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'Kids in Chips' Startup, Valued at $21 Billion, Poaches Nvidia Talent

By Robbie Whelan

SAN JOSE, Calif.—On paper, Etched sounds like a lot of hot artificial-intelligence startups: Co-founded by three Harvard dropouts in their early 20s, it has quickly raised nearly $2 billion on the strength of a product that was just an idea four months ago.

Unlike most of those other startups, however, Etched doesn't make software but semiconductors, a product category whose high capital costs and long development cycles have relegated it to a corner of Silicon Valley where experience still trumps youthful ambition.

Among tech investors, the prevailing wisdom was "don't back the kids in chips," said Sonya Huang, a general partner at Sequoia Capital, which led the company's $300 million Series C round. "There was a sense that these kids think they can do anything, and maybe on the internet, they can, but that in chips, startups are guilty until proven innocent."

Now, after a mad rush that included building a mini data center in its offices here for testing, Etched has reached a key milestone: signing up its first customer—Jane Street, the secretive Wall Street quantitative-trading giant—for its product, a server rack filled with AI processors optimized for rapid inference computing. The startup has booked more than $1 billion in orders and already started shipping chips.

In parallel, Jane Street is leading a new $700 million funding round that values Etched at $21 billion, the two firms said. That valuation puts it above the $20 billion price Nvidia paid to license the

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