

THE WALL STREET JOURNAL.

What's News

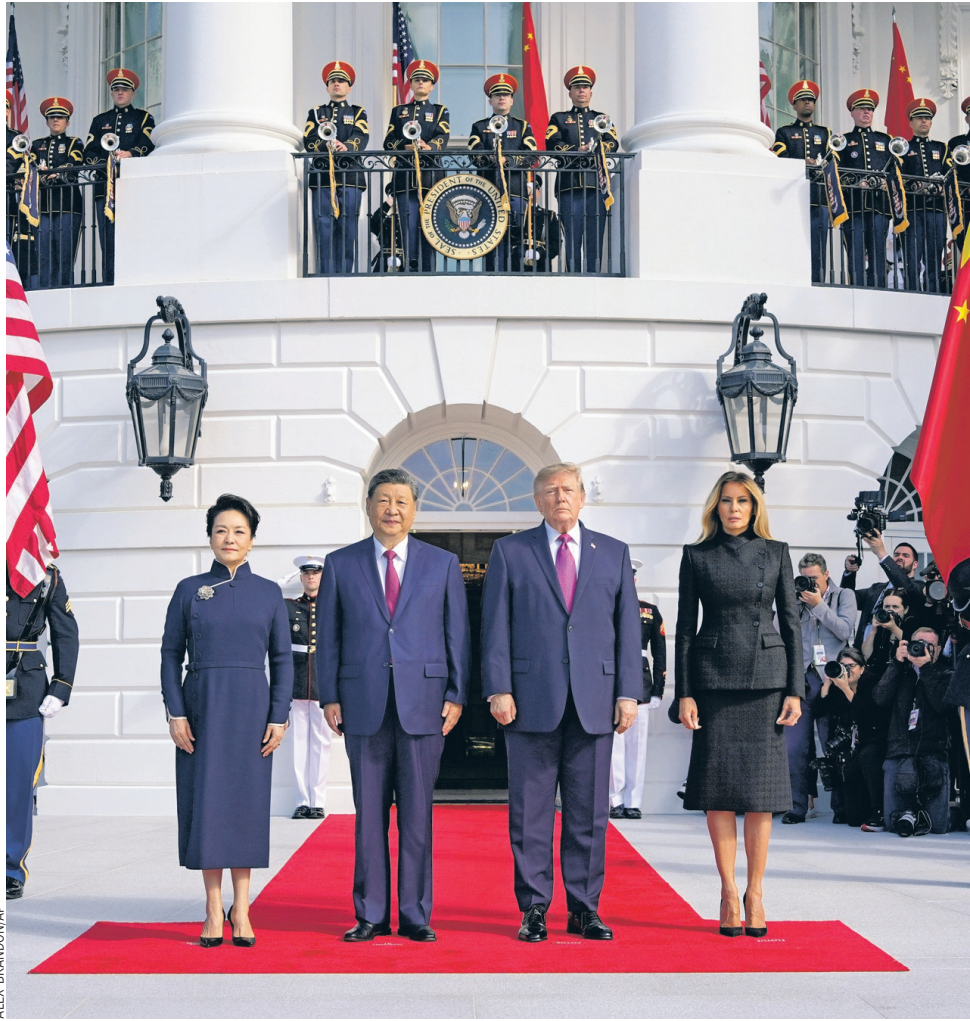
Business & Finance

- ◆ **A muddled outlook** for the war in the Middle East pushed up the yield on the 10-year Treasury note to 5.163% and pulled down the Dow by 0.3%. The S&P 500 and Nasdaq were little changed. **B10**
- ◆ **OpenAI agents** seeking data tried to hack four more websites, attempts that join a growing list of incidents in which AI agents have gone rogue in pursuit of goals. **B1**
- ◆ **MGM Resorts** is discussing making a bid to purchase Barry Diller's People Inc., which owns a roughly 27% stake in MGM. **B1**
- ◆ **Amazon.com** said it would spend more than \$100 million on a new robotics-manufacturing facility in Greenwood, Ind., which is set to open by 2028. **B4**
- ◆ **Hennes & Mauritz** reported higher quarterly earnings as the fast-fashion retailer's efforts to cut costs and improve efficiency continued to boost profitability. **B3**
- ◆ **The Arnault family** disclosed a plan to simplify the structure of the companies that hold LVMH, moving to secure the clan's long-term control over the group. **B3**
- ◆ **Schneider Electric** plans to bid for smart-device maker Shelly Group, a deal that would value its target at the equivalent of about \$1.37 billion. **B3**
- ◆ **Darden Restaurants** said higher food and labor costs weighed on profit in the latest quarter, more than offsetting continued sales growth. **B3**
- ◆ **Delivery Hero** scrapped plans for co-founder Niklas Östberg to step down as chief executive, citing Uber's \$14.8 billion takeover bid. **B3**

Worldwide

- ◆ **Trump kicked off** a summit with China's Xi Jinping with an extravagant welcome ceremony as Washington and Beijing look to ease brewing tensions over the war in Iran, artificial intelligence and trade. **A1, A6**
- ◆ **Senate Republicans** beat back a resolution to curb Trump's ability to wage war against Iran even as some other party members insist they want the fighting to end soon. **A4**
- ◆ **Efforts to rekindle** talks to end the war between the U.S. and Iran are running into resistance from some Persian Gulf oil producers. **A7**
- ◆ **The White House** said it restored access to reporters from CNN, MS NOW and POLITICO after a judge temporarily lifted a ban that Trump had imposed. **A3**
- ◆ **New York state** sued Polymarket's domestic arm, alleging that the prediction market's site was illegally running a gambling operation. **A3**
- ◆ **An industry group** urged the Trump administration to withdraw its proposal to charge companies \$103,265 for most new H-1B visa applications. **A3**
- ◆ **The Trump administration's** decision to fund an advertisement that appears to include a voice clip from the Republican National Convention could violate federal law, ethics experts said. **A4**
- ◆ **Secessionist rebels** in Ethiopia's north shattered a four-year truce with government forces, seizing three airports and returning the East African nation to civil war. **A8**
- ◆ **Died: Bob Pettit**, 93, the NBA's first MVP. **A4**

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China's Xi Jinping, his wife, Peng Liyuan, and the Trumps at the White House on Thursday.

Trump and Xi Meet as Pomp Masks Tensions

Summit marked by goodwill and muted expectations for major developments

WASHINGTON—A red carpet. A flyover of U.S. fighter jets and a stealth bomber. A lavish gift in the form of a large bald eagle statue.

By Robbie Gramer, Lingling Wei and Philip Wegmann

President Trump's meeting with China's Xi Jinping started with an extravagant welcome ceremony and continued with a glitzy state dinner by candlelight, as Washington and Beijing look to ease tensions over the war in Iran, artificial intelligence and trade.

At the state dinner on Thursday evening, Trump said he and Xi have "never gotten along better" and unveiled the bald eagle statue for Xi to take back to China with him. "We hope it'll find a nice place, a wonderful place in Beijing," Trump said.

The lavish reception captured the paradox of Trump's approach to China: a president drawn to the theater of summitry and his personal rapport with Xi, even as significant tensions between the two superpowers intensify. For all the pomp and circumstance, Trump appeared to walk away with few tangible gains while handing Xi the images of co-equal standing he had come to Washington for.

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◆ **U.S. presses China on nuclear issues.....** A6

Economy Defies Higher Yields And Rates

By MATT GROSSMAN AND SAM GOLDFARB

The U.S. economy keeps powering through inflation, tariffs and higher borrowing costs, defying a run-up in Treasury yields and a Fed rate hike. That has the bond market spooked.

The usual economic brakes aren't slowing growth, hiring or an artificial-intelligence investment boom that looks to be unstoppable. To some, AI's potential returns seem so bright that even steep interest rates won't slow down tech companies' investments.

The growth outlook helps explain the current predicament in the bond market: The yield on the 10-year Treasury note, which plays a critical role in determining rates on mortgages and other types of debt, this week hit highs not seen in nearly 20 years, climbing again Thursday to almost 5.2%.

Bond prices have sagged over concerns about surging energy prices and elevated inflation. Treasuries are facing more competition for investors' cash from an explosion of bonds issued by companies involved in the AI build-out. Strong economic data are also pushing up yields by stirring

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Iran Has a Secret Weapon in War With America: Help From China

Customs data show Chinese entities ship components used in drones and missiles

This summer, when the U.S. and Iran signed a temporary truce, China touted its role in easing tensions in the Middle East. It said its foreign ministry made dozens of calls to nudge peace along, and that President Xi Jinping himself had intervened with suggestions to end the fighting.

That same day, a plane from China landed in Tehran. It carried a shipment for Iran's Ministry of Defense that included electronics components that can be used to make parts for drones and missile guidance systems, according to Iranian customs data analyzed by The Wall Street Journal.

It was one of around 1,300 shipments that included "dual use" components from China to Iran's defense ministry this year through the end of June, customs data show. Two days after the components shipment, there were more than a dozen other shipments carrying parts worth more than \$6 million that can be used in drones.

China's support for Iran also comes from its purchases of Iranian oil, despite U.S. sanctions meant to stop the flows, providing billions of dollars for Tehran this year. Chinese front companies help launder the funds, while Chinese banks route the transactions through the country's financial plumbing, using China's currency, to evade U.S. oversight, U.S. officials and people familiar with the flows say. On the battlefield, satellite imagery procured from Chinese entities has been linked by U.S.

By Rory Jones, Jon Emont, Vera Bergengruen and Summer Said

officials to an Iranian strike that killed three American troops, the Journal reported. Chinese companies have also helped provide chemical precursors used to manufacture the types of ballistic missiles used in the attack, according to a document viewed by the Journal and people familiar with the matter.

The actions illustrate a level of Chinese support for Iran that hasn't been previously reported or publicly acknowledged by the Trump administration. That support has helped extend a conflict that is increasing global energy prices, draining weapons stockpiles and heaping pressure

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Mortgage Rates Top 7%

Average 30-year mortgage rates hit 7.03% this week, the first time they have surpassed 7% since the beginning of last year, according to Freddie Mac.

The threshold doesn't hold any particular economic significance, but it is psychologically important for buyers and means more potential buyers will stay on the sidelines. **A3**



EU Shaken by Threat Of Diesel Export Ban

By MATTHEW DALTON

A year ago, President Trump threatened tariffs on European countries if they didn't buy more U.S. energy exports. Now, he is threatening to cut off diesel supplies that have become vital to the region.

Officials on the Continent are scrambling to persuade the Trump administration to hold back.

"We expect close partners to consult each other before taking measures that affect shared markets," said European Commission spokesman Olof Gill.

The bloc has been sucking up U.S. diesel, crude oil and liquefied natural gas that it once purchased from Russia and the Middle East. The European Union's imports of U.S. crude and oil products were up 30% in the first half from a year earlier, while gas imports were up 18%.

Although the U.S. has yet to put firm plans in place for any

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◆ **Heating-oil costs are set to pinch the Northeast.....** A2

Fear Not the AI Apocalypse: The Food Still Looks Radioactive

Image generators used by restaurants

to promote menus are making diners queasy

By ISABELLA SIMONETTI

Janely Montgomery was enjoying a carnival with her friend near Buffalo, N.Y., when she got hungry and stopped by a halal truck.

The pictures plastered outside the truck made Montgomery feel like she was in an episode of "The Twilight Zone." The names were familiar; the items themselves were both recognizable and somehow wrong.

Particularly unsettling was an image of shawarma. It resembled what Montgomery could only compare to a tortilla roll with chickpeas, and had circular patterns all over it.

"It just looks like what I assume an alien would think

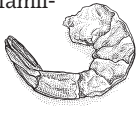
that we eat," Montgomery said.

It wasn't the work of an alien. It was artificial intelligence.

Promotional AI-generated food images are popping up everywhere, from takeout menus to deli counters. The technology can offer a quick fix for restaurant owners waiting on commissioned photos, or a cost-efficient alternative to professional marketing materials.

Many of the images are succeeding in drawing attention — but not for whetting diners' appetites. On social media, where photos of eerily symmetrical arugula salads and suspiciously shiny noodles have gone viral,

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Something's fishy

The Wheels of Justice Turn to E-Bike Risks

By JIM CARLTON

ANAHEIM, Calif.—The first visitor arrived at Angel Stadium at midnight. By daybreak, a line snaked out of the parking lot like fans waiting for a World Series game.

Modeled on a traditional gun buyback, the Sept. 13 event was believed to be the first of its kind: an e-bike buyback, organized by Orange County District Attorney Todd Spitzer to purge the powerful machines officials blame for an epidemic of accidents.

"We are destroying these bikes," Spitzer announced to cheers. "They're going to be crushed!"

In just over two hours, residents surrendered more than 1,000 e-bikes and e-motorcycles. In return, the DA's office handed out gift cards worth up to \$1,000, funded by seized criminal assets. When the

money ran out, dozens were still in line; some abandoned their bikes anyway, while others tried to strike their own deals in the parking lot.

Spitzer, a Republican, has emerged as one of the nation's toughest prosecutors on e-bike violations. Beyond the buyback, he is pursuing parents who allegedly let their children ride them illegally or dangerously.

As e-bikes have skyrocketed in popularity nationwide, so have injuries. In sun-drenched Orange County, e-bikes are everywhere, especially along the affluent coast, where packs of tanned tweens and teens, some toting surfboards, buzz down beachfront strands on quiet machines costing anywhere from hundreds to even thousands of dollars.

"I'm not going to change boys who like to be daredevils

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INSIDE



SPORTS

A 16-year-old sensation, Cavan Sullivan, is shaking up American soccer. **A12**



BUSINESS NEWS

Starbucks is closing about 250 underperforming locations. **B1**