



# TODAY IN MARKETPLACE

## The Energy Hidden in Ice

### MONEY & INVESTING On the Hunt for Higher Yields

# THE WALL STREET JOURNAL.

DOW JONES News Corp. \*\*\*\*\* MONDAY, JULY 29, 2013 - VOL. CCLXII NO. 24 WSJ.com \*\*\*\*\* \$2.00

Last week: DJIA 15558.83 ▲ 15.09 0.1% NASDAQ 3613.16 ▲ 0.7% NIKKEI 14129.98 ▼ 3.2% STOXX 600 298.91 ▼ 0.3% 10-YR. TREASURY ▼ 18/32, yield 2.560% OIL \$104.70 ▼ \$3.17 EURO \$1.3279 YEN 98.28

## What's News—

Business & Finance World-Wide

- Only about half the firms in the S&P 500 have reported second-quarter earnings, but the results are raising concerns that profit growth could stall unless economic expansion accelerates. **B1**
- Omnicom and Publicis are merging in a \$35.1 billion linkup aimed at countering growing competition from Silicon Valley firms. **A1, A2**
- Perrigo agreed to buy Irish biotech Elan for \$8.6 billion, in the latest pharmaceutical-industry deal motivated at least in part by taxes. **B3**
- Saks is close to an agreement to be bought by Hudson's Bay, a purchase that is probably as much about high-end real estate as luxury clothes. **B1**
- The U.S. government plans to negotiate an accord to allow SAC to continue its operations even as the firm faces criminal insider-trading charges. **C1**
- China will conduct an urgent review of overall public debt, highlighting concerns about the impact of burgeoning official borrowing. **A6**
- Germany's Siemens signaled it would oust CEO Peter Löscher, a move that comes amid investor unease over the company's direction. **B1**
- Michael Dell said he would remain at Dell Inc. even if the buyout attempt for the computer company he founded were to fail. **B4**
- U.S. companies are beginning to change the way they police trades by executives and other insiders in their company stock. **C1**
- The Fed's "doves" have in recent years fared better with their economic predictions than have the central bank's "hawks," an analysis shows. **A1**
- Boeing is expanding its recommendation to inspect emergency beacons beyond those on 787 Dreamliners to other types of its jets. **B2**
- The EU and China ended an antidumping dispute over solar panels, averting a broader trade war. **B7**
- Egypt's crackdown is fanning U.S. fears of instability. Washington warned Egypt's military that its clampdown on the Muslim Brotherhood could drive the Islamist group back underground. Cairo was mostly calm Sunday, a day after at least 74 people were killed when police fired on backers of ousted President Morsi. **A1, A8**
- Soldiers were granted authority to arrest civilians, reversing sections of the Mubarak-era emergency law.
- Israel's cabinet voted to free 104 Palestinian prisoners, paving the way for direct peace talks to resume for the first time in three years. **A8**
- The White House is stepping up talks with Senate Republicans in hopes of averting a deadline-driven clash over federal spending. **A4**
- Voters in Mali cast ballots in a presidential election that followed 18 months of instability and violence. **A7**
- Pakistan and India are poised to resume peace talks, officials from the two rival nations said. **A6**
- The driver of the train that crashed in Spain made his first court appearance as officials cited possible negligence. **A9**
- Michigan's attorney general will represent Detroit retirees in the city's bankruptcy, citing pension protections. **A5**
- Weiner vowed to remain in the New York City mayoral race despite the resignation of his campaign manager. **A5**
- A defendant in the Indian rape and murder case reversed his testimony and said he was present for the assault. **A6**
- A tour bus plunged off a highway in southern Italy, killing at least 37 people. **A8**
- Jewels valued at \$53 million were stolen from a hotel on the French Riviera. **A8**
- Died: Lindy Boggs, 97, lawmaker who championed rights for women. **A4**... Col. Bud Day, 88, Medal of Honor recipient ... J.J. Cale, 74, songwriter.

## Advertising Giants to Merge

### Omnicom and Publicis Aim to Fight Off Growing Competition From Silicon Valley

BY SUZANNE VRANICA AND RUTH BENDER

Advertising giants Omnicom and Publicis said Sunday they had agreed to merge, in a \$35.1 billion cross-border linkup that shows how Big Data is making Madison Avenue look more like Wall Street.

The combination of Omnicom Group of the U.S. and France's Publicis Groupe SA is aimed at restoring the balance of power

between advertising agencies and such Silicon Valley companies as Google Inc. and Facebook Inc. About 22% of global ad spending now is digital, according to eMarketer, a share projected to grow to 27% by 2017.

Omnicom and Publicis hope that by joining forces, they will be better equipped for an industry increasingly dominated by data-driven analysis and automated trading of ad space.

The market for automated

buying of space is relatively small, but fast growing. According to eMarketer, U.S. advertisers will spend \$3.4 billion on real-time bidding in 2013, mostly in online display ads.

"Digital buying of media is done by machines, as if you're standing on the floor of the Nasdaq as opposed to traditional media shop," Omnicom's chief executive, John Wren, told analysts earlier this month. "I hold the long-term belief that eventu-

ally traditional media, or a lot of traditional media, will get purchased that way."

Mr. Wren and Publicis Chief Executive Maurice Lévy are to be co-CEOs for 30 months, after which Mr. Lévy, who initiated the talks, is slated to become non-executive chairman and Mr. Wren to continue as CEO, the companies said.

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◆ 'Merger of equals' can prove tough to balance..... A2

## Mass en Masse: Sea of Faithful Crowds Famed Beach for Pope's Farewell



**BIG FINISH:** Millions flocked to Rio de Janeiro's Copacabana beach as Pope Francis ended his week in Brazil with Sunday Mass. The first Latin American pontiff used the trip to carry a message of outreach and service to the poor. He now returns to the Vatican to tackle a long list of Church overhauls. **A9**

## Fed 'Doves' Beat 'Hawks' In Economic Prognosticating

BY JON HILSENDRATH AND KRISTINA PETERSON

As the U.S. emerged from recession in the summer of 2009, Janet Yellen, then president of the Federal Reserve Bank of San Francisco, took a grim view of the economy's prospects.

"I expect the pace of the recovery will be frustratingly slow," she said in a San Francisco speech. A month later, addressing fears that money flooding into the economy from the Federal Reserve would stoke inflation, Ms. Yellen said not to worry in a speech to Idaho bankers: High unemployment and the weak economy would tamp wages and prices.

Others at the Fed spoke forcefully in the other direction. Unless the central bank reversed the easy money course, Philadelphia Fed President Charles Plosser warned in December 2009, "the inflation rate is likely to rise to levels that most would consider unacceptable."

Ms. Yellen was proved right.

Predicting the direction of the U.S. economy with precision is impossible. But the Fed must forecast growth, inflation and unemployment to guide its decisions on interest rates. Central bank miscalculations—when the Fed pushed interest rates too low or too high—have historically turned problems into

catastrophes, fueling the Great Depression, for example, and the wealth-eroding inflation of the 1970s.

The Wall Street Journal examined more than 700 predictions made between 2009 and 2012 in speeches and congressional testimony by 14 Fed policy makers—and scored the predictions on growth, jobs and inflation.

The most accurate forecasts overall came from Ms. Yellen, now the Fed's vice chair. She was joined in the high scores by other Fed "doves," policy makers who wanted aggressively easy money policies to confront a weak U.S. economy and low inflation. Collectively, they supported Fed Chairmen Ben Bernanke's strategy to pump money into the U.S. economy.

The least accurate forecasts came from central bank "hawks," those who feared Fed policies would trigger rising inflation.

Examining such predictions is more than a parlor game. Fed forecasts are important now because the central bank is near a turning point that will have a substantial impact on the U.S. economy.

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◆ MoneyBeat: Fed is delaying day of reckoning..... C3

## Crackdown In Egypt Fans Fears In U.S.

BY ADAM ENTOUS

WASHINGTON—The Obama administration increasingly fears that Egypt's military, ignoring American appeals, is deepening a crackdown that could spark a sustained period of instability and lead members of the country's Muslim Brotherhood to take up arms.

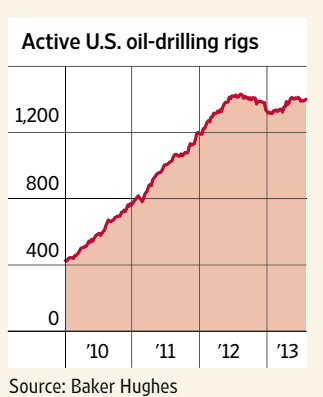
In a series of private messages in recent days, Defense Secretary Chuck Hagel and other American officials warned Egyptian military leader Gen. Abdel Fattah el Sisi that his crackdown on the Brotherhood risked driving the Islamist group back underground, say U.S. officials involved in the discussions.

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## What's Ahead—

- MONDAY, JULY 29**
- The National Association of Realtors issues its June index of pending home sales.
- TUESDAY, JULY 30**
- The S&P/Case-Shiller home-price index for May is scheduled for release.
- A report on consumer confidence for July is on tap from the Conference Board.
- Pakistani lawmakers elect the nation's president.
- WEDNESDAY, JULY 31**
- The Federal Reserve issues a policy statement following a two-day meeting.
- An advance reading of second-quarter GDP is due from the Commerce Department.
- ADP releases its survey of private-sector payrolls for July.
- Zimbabwe holds presidential and parliamentary votes.
- THURSDAY, AUG. 1**
- The European Central Bank and the Bank of England conclude policy meetings.
- The Institute for Supply Management posts its July manufacturing index.
- Auto makers tally their U.S. vehicle sales for July.
- Figures on jobless claims for the latest week are due.
- FRIDAY, AUG. 2**
- The Labor Department releases the employment report for July.

## Vital Signs



◆ **The U.S. drilling boom** is leveling off. There were 1,401 onshore rigs drilling for oil in the U.S. last week, according to oil-field-services firm Baker Hughes Inc. That figure has changed little over the past year, ending a three-year ramp-up. Meantime the number of rigs drilling for natural gas has also stabilized after plummeting due to low gas prices.

## Terroir War: Good Nose, Local Beets? Must Be a 2013 Paris Cola

### In France, Tensions Bubble Up as Sodas Bid to Capture Essence of a Place

BY SAM SCHECHNER

PARIS—A new beverage dubbed Paris Cola is trying to elbow its way into shops across the French capital this summer, on a quest to chip away at the dominance of Coca-Cola Co.

But Paris Cola also faces a homegrown problem: Another drink called Parisgo Cola is launching at the same time.

A new cola war is breaking out in Paris this summer, between two drinks with nearly the same name. Each has a red cap, and a label that prominently features the Eiffel Tower. Each has

ter represent the spirit of Paris.

"We have a real product of the terroir," said Paris Cola's Rodolphe Grosset, using the French phrase for a local product drawn from the land. For Paris Cola, whose red-labeled bottles are lettered in curling white script, Mr. Grosset's gourmet souvenir company, François de Fonbelle, sought out sugar made from beets grown in the Paris region.

Rival Parisgo Cola says its goal is to show Parisians that they have been "lobotomized" by Coca-Cola, and that cola flavors should be as varied as French wines.

Founder Bruno Vausseant, a freelance advertising and film director, says his cola appeals to Parisian tastes with "less

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## More Doctors Steer Clear of Medicare

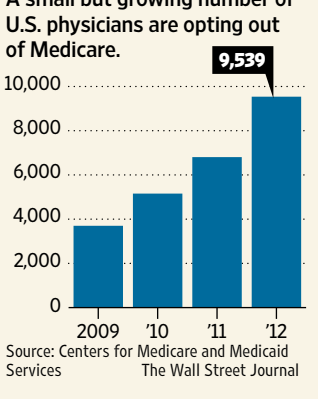
BY MELINDA BECK

Fewer American doctors are treating patients enrolled in the Medicare health program for seniors, reflecting frustration with its payment rates and pushback against mounting rules, according to health experts.

The number of doctors who opted out of Medicare last year, while a small proportion of the nation's health professionals, nearly tripled from three years earlier, according to the Centers for Medicare and Medicaid Services, the government agency that administers the program. Other doctors are limiting the number of Medicare patients they treat even if they don't formally opt out of the system.

Even fewer doctors say they won't accept new Medicaid patients, and the number who don't participate in private insurance contracts, while smaller, is grow-

## The Doctor Is Out



ing—just as millions of Americans are poised to gain access to such coverage under the new health law next year. All told, health experts say the number of doctors going "off-grid" isn't

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