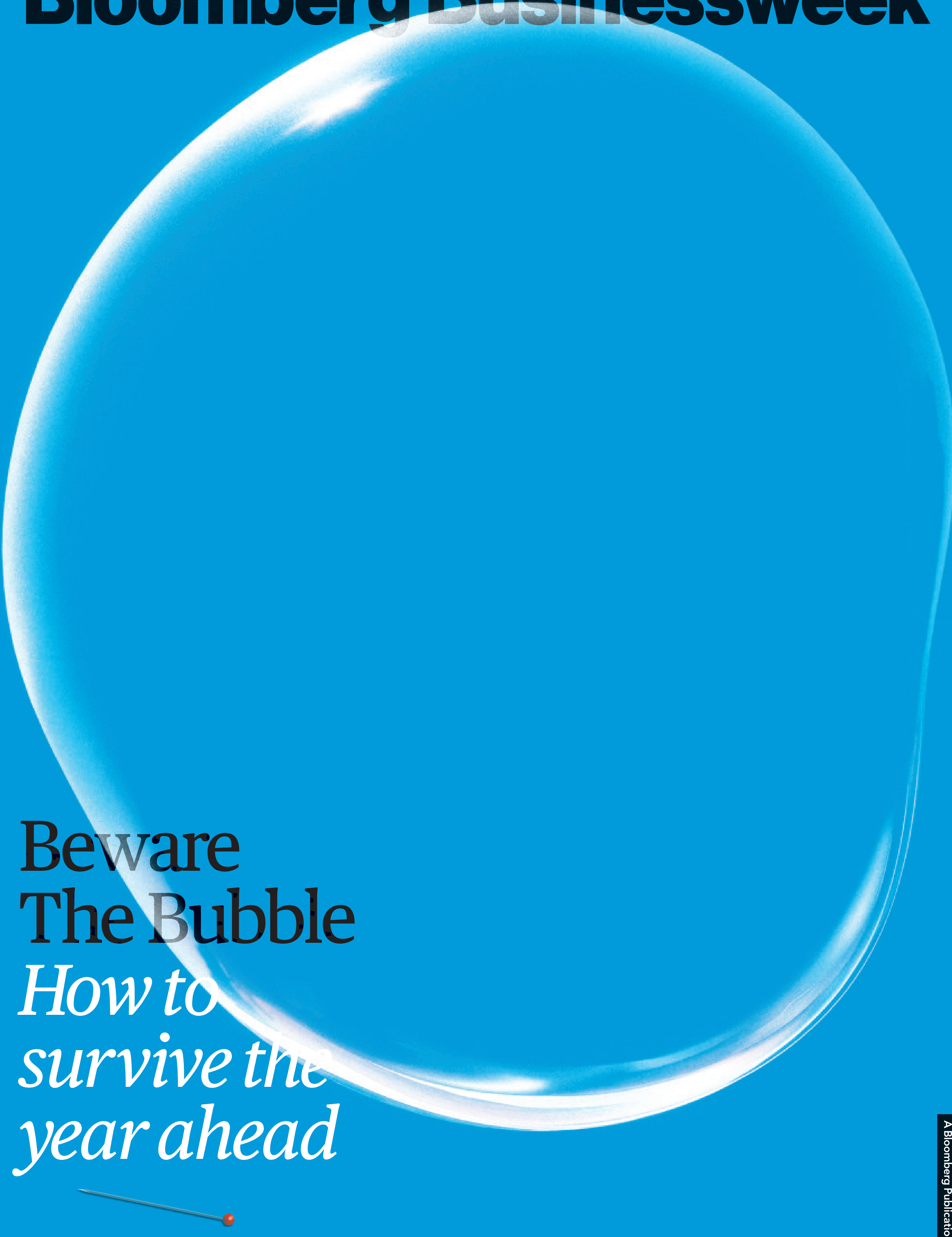
January 2026

Bloomberg Businessweek



Beware The Bubble

How to survive the year ahead

A Bloomberg Publication

A STORY ABOUT STANDARDS

"At Patek Philippe, when we make a watch, however hard we work, we can only go at one speed. One that ensures we adhere to the high standards for which we are respected.

We understand that some people express frustration at this. They want us to go faster. But at our family-owned watch company, fast is the enemy. Because to accelerate the time it takes to make a watch we would have to cut corners and lower our quality.

And then the watch might be a very good timepiece. But it would not be a Patek Philippe and would not merit the Patek Philippe Seal."

THIERRY STERN
PRESIDENT, PATEK PHILIPPE

PATEK PHILIPPE SEAL
PATEK.COM/PHILOSOPHIES

THE HOUSING SOLUTION

Tammy Neale
Chief Executive Officer
Virginia Housing

Virginia Housing is one of the nation's top housing finance agencies (HFAs), servicing a $16 billion mortgage portfolio. The self-supporting HFA leverages the power of public-private partnerships to develop innovative solutions to the Commonwealth's housing shortage to serve both Virginians and the state's economy.

"It's going to take 350,000 new workers to fulfill the employment needs of Virginia over the next 10 years," says Tammy Neale, CEO of Virginia Housing. "That equates to roughly 200,000 homes. We're serving businesses when they want to come to the Commonwealth. We are serving the future of Virginia."

Virginia Housing turns to Wells Fargo, its partner of over two decades, for interest rate hedging, liquidity and bond originations. The consistency of this partnership empowers the HFA to test innovative programs, from investments in workforce housing to grants for 3D-printed homes.

"Wells Fargo is able to bring its nationwide expertise to Virginia Housing to help drive affordable housing solutions," says Rebecca Reape, Managing Director at Wells Fargo Corporate & Investment Banking. "The work that we're embarking on together is transformative, and we can continue to improve life in Virginia for everyone."

bloomberg.com/thenexthorizon

Corporate & Investment Banking

PHOTOGRAPH BY CHRIS SCHALKX FOR BLOOMBERG BUSINESSWEEK

On safari in India's Bandhavgarh National Park, where endangered Bengal tigers roam ▷ 88

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Famous Brands Answers

1. Emma Stone fruit **2.** Tim Cook book **3.** Stephen Curry powder **4.** Cardi B vitamins **5.** Jack Black forest cake **6.** Sabrina Carpenter pants

Contributors

● **Brad Stone**, editor of *Bloomberg Businessweek*, knows his bubbles: He's in Silicon Valley, where he covered the original dot-com frenzy of the late 1990s and the unicorn bubble that began to inflate a decade later. ▷ 7

● Reporters **Drake Bennett** and **Brody Ford** of Bloomberg News learned that Larry Ellison bought a drive-thru safari park in Florida; it cost a lot less than what Oracle is spending on AI data centers. ▷ 46

● Bloomberg News' **Jaewon Kang**, a reporter in Chicago, and **Devin Leonard**, a senior writer in New York, flew to Minneapolis to speak with Target's current and incoming CEOs. For the illustrations, **Cameron Galley**, a 3D artist in Los Angeles, put the dog mascot under a shopping cart. It reminded him of a kennel, plus metals are one of his favorite materials to work with in 3D software. ▷ 54

● For their feature on Trump memecoins, Bloomberg News reporters **Zeke Faux** and **Max Abelson** interviewed a 20-year-old who said it was "old-school" that Faux used a pen and paper to take notes. ▷ 62

Correction: The key for the Joint Ventures puzzle in December's issue showed two answers in the incorrect order. The correct answers: 7. Snap on. 8. Extra virgin.

Cover

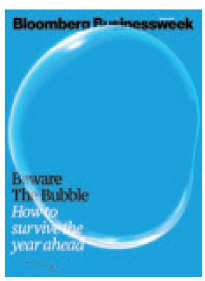

Photo illustration by 731; photo: Getty Images. For this month's cover, the art department started with a bubble in a looping video. The resulting image, taken from a frame of the video, is of a bubble in flux, tense with the possibility of bursting.

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A sensible guide to 2026

Dial down the hype

By Brad Stone

Two months before Black Monday, the market crash that led to the Great Depression, a Massachusetts economist named Roger Babson, fretting over a wave of mom-and-pop investors borrowing money to buy stocks, declared in a speech that “sooner or later a crash is coming and it may be terrific.” Afterward, the market sank 3%, a dip known at the time as the “Babson Break.” But in the weeks that followed, writes Andrew Ross Sorkin in his engrossing new history, *1929: Inside the Greatest Crash in Wall Street History—and How It Shattered a Nation*, “the market shook off Babson’s foreboding,” in part because of optimism over new mass-market products like the radio and the automobile. “Investors with an ‘imagination’ were winning again.”

Today there are many Cassandras like Babson warning about AI, in particular the valuation of public and private technology companies and their headlong pursuit of the elusive goal of artificial general intelligence (systems that can do just about anything a human can do and more). Tech companies are on pace to spend just shy of $1.6 trillion annually on data centers by 2030, according to data analyst Omdia. The magnitude of the hype around AI, whose prospects as a profit maker remain entirely hypothetical, has confounded many sober-minded investors. Yet now, as a century ago, ▶

◀ the idea of missing out on the next big thing has persuaded many companies to ignore such prophecies of doom. They “are all kind of playing a game of Mad Libs where they think these moonshot technologies will solve any existing problem,” says Advait Arun, a climate finance and energy infrastructure analyst at the Center for Public Enterprise, whose recent Babsonesque report, *Bubble or Nothing*, questioned the financing schemes behind data center projects. “We are definitely still in the irrational exuberance stage.”

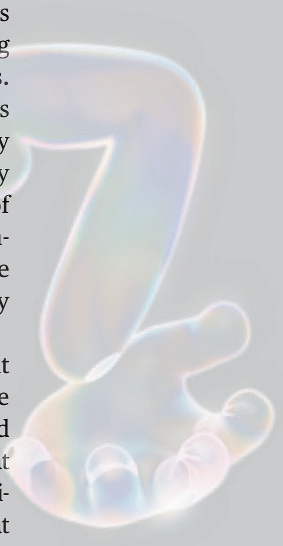
Journalists usually would be wise to abstain from debating whether a resource or technology is overvalued. I have no strong opinion on whether we’re in an AI bubble, but I wonder if the question may be too narrow. If you define a speculative bubble as any phenomenon where the worth of a certain asset rises unsustainably beyond a definable fundamental value, then bubbles are pretty much everywhere you look. And they seem to be inflating and deflating in lockstep.

There may be a bubble in gold, whose price has soared almost 64% in the year to Dec. 12, and one in government debt, according to Børge Brende, chief executive officer of the World Economic Forum, who recently observed that nations collectively haven’t operated this deeply in the red since World War II. Many financiers believe there’s a bubble in private credit, the $3 trillion market in loans by large investment houses (many for the purpose of building AI data centers) that’s outside the heavily regulated commercial banking system. Jeffrey Gundlach, founder and CEO of money-management firm DoubleLine Capital, recently called this opaque, unregulated free-for-all “garbage lending” on the Bloomberg podcast *Odd Lots*. Jamie Dimon, JPMorgan Chase & Co.’s CEO, dubbed it “a recipe for a financial crisis.”

The most obvious absurdities have materialized, where there’s no easy way to judge an asset’s intrinsic worth. The total market value of Bitcoin, for example, rose $636 billion from the start of the year through Oct. 6—before losing all of that and more, as of Dec. 12. The trading volume of memecoins, those virtual contrivances that commemorate online trends, peaked at $170 billion in January, according to crypto media firm Blockworks, but by September had collapsed to $19 billion. Leading the decline were the $TRUMP and $MELANIA coins, launched by the first family two days before Inauguration Day (page 62), which have lost 88% and 99% of their worth, respectively, since Jan. 19.

Many investors evaluated these crypto currencies not for their potential to create underlying value for shareholders and the world—the way they might for a stock in a conventional company that reports earnings, for example—but more narrowly for the chance to make a lot of money quickly. They approached it a little like they would sidling up to the craps table on a trip to Las Vegas.

There might be demographic reasons that investors, particularly those drawn to crypto, sports gambling and online prediction markets, are trying to game financial markets as if they were casinos. According to a recent Harris poll, 6 in 10 Americans now aspire to accumulate extreme wealth. Seventy percent of Gen Z and millennial respondents say they want to become billionaires, versus 51% of Gen Xers and boomers. A 2024 study by the financial firm Empower suggested that Zoomers believe that “financial success” requires a salary of nearly $600,000 and a net worth of $10 million.



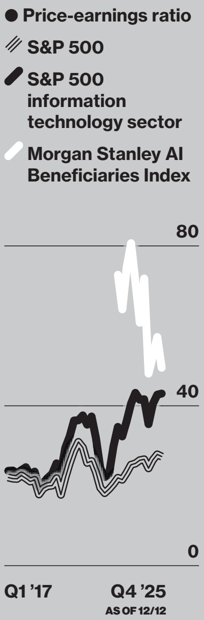
Thanks to TikTok videos, group chats, Reddit boards and the instantaneous and unavoidable nature of the internet, everyone in the world is now apprised of moneymaking opportunities at the same time. That sounds fine in principle but has led to a frenzy of imitation, mass competition and hive-mind behavior that makes the new Apple TV show *Pluribus* look timely. The traditional economy, with its complicated and infinitely varied dimensions, has been supplanted by the attention economy—the things we’re all, everywhere, obsessing about at any particular time.

In the business world, that singular focus is on AI. In popular culture there was a Sydney Sweeney bubble, which followed a Pedro Pascal bubble, and a “6-7” bubble. (If you don’t have teens, just Google it.) Over the past year, thanks to celebrities such as Lisa from the K-pop band Blackpink, we also have a worldwide mania over the cute but worthless zoomorphic stuffies sold by Chinese toymaker Pop Mart International Group. Call it the Labubble.

In food there’s most certainly a protein bubble, with everyone from the makers of popcorn to breakfast cereal marketing their protein content to appeal to health-conscious consumers and GLP-1 users. In media there just might be a bubble in Substack newsletters, celebrity-hosted podcasts (Amy Poehler’s *Good Hang* and Meghan Markle’s *Confessions of a Female Founder*) and celebrity-focused documentary biopics authorized by their subjects and available to stream nearly every week (the latest on Netflix: *Being Eddie* on Eddie Murphy, and *Victoria Beckham*). “Everyone’s reference group is global and goes far beyond what they can see around them and beyond what their actual class or position is,” says W. David Marx, the author of *Blank Space: A Cultural History of the Twenty-First Century*. “You can have globally aligned movements within these markets that in the past would have been impossible.”

The stakes are higher for AI than they are for Labubus, of course. No company wants to be left behind, and so every major player is plowing forward, building computing infrastructure using complex financing arrangements. In some cases this involves a special purpose vehicle (remember those from the 2008 financial crash?) loaded with

■ ILLUSTRATIONS BY OELHAN



debt to buy Nvidia Corp. graphics processors, the AI chips that some observers think may depreciate more quickly than expected.

The tech giants can weather any fallout from this FOMO-induced stampede. They’re paying for their data centers largely from their robust balance sheets and can navigate the consequences if white-collar workers all decide that, say, the current version of ChatGPT is plenty good enough to craft their annual self-evaluation. But other companies are engaging in riskier behavior. Oracle Corp., a stodgy database provider and an unlikely challenger in the AI rush (page 46), is raising $38 billion in debt to build data centers in Texas and Wisconsin.

Other so-called neoclouds, relatively young companies such as CoreWeave Inc. and Fluidstack Ltd. building specialized data centers for AI, Bitcoin mining and other purposes, are also borrowing heavily. Suddenly the cumulative impact of an AI bubble begins to look more severe. “When we have entities building tens of billions worth of data centers based on borrowed money without real customers, that is when I start worrying,” says Gil Luria, managing director at investment firm D.A. Davidson & Co., evoking Roger Babson from a century ago. “Lending money to a speculative investment is never a good idea.”

Carlota Perez, a British-Venezuelan researcher who’s been writing about economic boom and bust cycles for decades, is concerned as well. She says innovation in tech is being turned into high-stakes speculation in a casino economy that’s overleveraged, fragile and prone to bubbles ready to pop as soon as active doubt begins to spread. “If AI and crypto were to crash, they are likely to trigger a global collapse of unimaginable proportions,” she wrote in an email. “Historically, it is only when finance suffers the consequences of its own behavior, instead of being perpetually bailed out, and when society reins it in with proper regulation, that truly productive golden ages ensue.” Until then, hold your Labubus tightly. Ⓑ

Don’t freak out about a recession

By Stacey Vanek Smith

The US economy has been in something of a *Through the Looking Glass* era for the past few years: Nothing is as it seems. In terms of inflation and the labor market, there’s been a curious disconnect between people’s lived experience and the data. At several points, tried-and-true recession indicators have flashed red. The legendary yield curve (which tracks US Treasury Bond yields and has correctly predicted every downturn since the 1970s) inverted in 2022, and the Sahm rule (a formula based on the unemployment rate) was triggered in 2024. But each time the economy has ducked and weaved past obstacle after obstacle, like Alice’s time-pressed rabbit.

It happened again last year. Recession worries peaked shortly after “Liberation Day” in April, when President Donald Trump unveiled a raft of tariffs, scrambling companies’ trade and investment plans. Bloomberg’s monthly survey of economists found expectations of a downturn in the coming year jumped to 40% in the wake of the announcement, from 20% around Inauguration ▶

■ ILLUSTRATION: ALAMY ■ DATA: BLOOMBERG

◀ Day. But then US stocks roared back, Fortune 500 companies continued to rake in record profits, and AI powered such a frenzy in data center construction that there's been talk that the country is undergoing another industrial revolution (the fourth, in case you've lost count).

Yet even as some parts of the economy grew tremendously in 2025, other parts looked alarmingly weak. Hiring stagnated, the housing market stayed in a deep freeze, inflation began creeping up, and consumers' expectations soured (though they continued to spend money). As Alice remarked during her wanderings through Wonderland: "How puzzling all these changes are! I'm never sure what I'm going to be, from one minute to another!"

As we march into 2026, the questions loom: Where is this economy headed? Can we keep the Red Queen of recession at bay once again?

"I think we'll most likely get through 2026 without a downturn," says Mark Zandi, chief economist at Moody's Analytics. "But nothing else can go wrong. Like, nothing. We're pretty much on the edge." Moody's puts the risk of a 2026 recession at about 42%. (Zandi says in a healthy economy that number is more like 15%.) Analysts Bloomberg surveyed are also tepidly optimistic, forecasting 2% gross domestic product growth and a 30% chance of recession.

The outlook for the economy rests on four pillars: the labor market, inflation, the consumer and artificial intelligence. If any one of those falters or moves in the wrong direction, Zandi says, "we're toast."

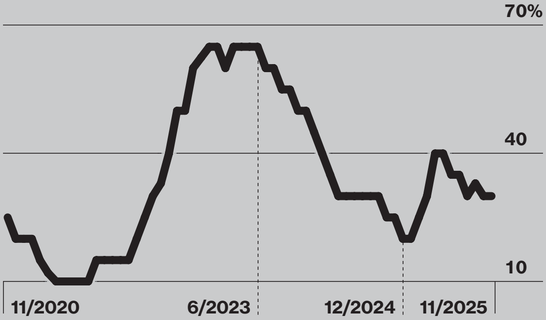
● The Labor Market

"There's no room for me here! ...
I'm stuck, and I don't know what to do!" —Alice

The job market spent much of 2025 in a kind of dead calm. The most recent data show unemployment and layoffs near historic lows, but hiring is also at its lowest level in decades—a highly unusual combination. Typically, if hiring drops off, layoffs spike, and vice versa, explains Daniel Zhao, chief economist at job-search site Glassdoor LLC. But the stagnation has persisted, and it's been very hard on workers. "They feel stuck," he says. "For people who are not currently in a job, it's hard to find that job. For workers who are in a job, many feel like they can't ask for a raise or promotion, because they are totally focused on job security." Zhao expects 2026 will see some kind of movement, though he says it's still unclear—partly because of the delay in official data releases caused by the government shutdown—if that will mean an uptick in hiring or a pickup in layoffs. Whichever way the job market turns, it's likely to take the whole economy with it.

Fears of Recession Decrease

Forecast probability of a US recession within one year, based on bank forecasts and surveys conducted by Bloomberg



● Inflation

"It takes all the running you can do, to keep in the same place." —The Red Queen

In April the Trump administration's tariffs threw a big curveball at companies and entire countries. Many economists predicted disaster, fearing the duties would force importers to raise prices and compel businesses to cut back on investment and hiring to protect their profit margins. But so far the dire forecasts have not manifested. "The economy is more resilient than a lot of economists expected," says Daryl Fairweather, chief economist at online real estate brokerage Redfin. Still, she doesn't call herself optimistic. "I'm actually pretty sad about the state of the economy," she says. "Imagine how strong the economy could be, how many people companies would be hiring, if we didn't have all these headwinds against us."

Although tariffs did not kneecap the economy as Fairweather initially feared, they did strap a serious set of ankle weights on it. By pushing up inflation, they've forced the Federal Reserve to cut interest rates more slowly than it otherwise would have. Fairweather estimates the chance of a 2026 downturn is around 33%.

Meanwhile, the economic drag from tariffs seems poised to ease in 2026: Many of Trump's duties have been reduced or deferred, countless exemptions have been granted, and the US Supreme Court could rule to do away with many of the import taxes entirely.

■ ILLUSTRATION: ALAMY ■ DATA: BLOOMBERG

● The Consumer

"I can't explain myself, I'm afraid, sir, because I'm not myself, you see." —Alice

The consumer has long been the load-bearing beam of the US economy—people buying things accounts for about 70% of GDP. Throughout 2025 consumer spending remained strong but with a troubling caveat: The wealthiest 10% of consumers now generate nearly half of all spending in the US, according to Moody's Analytics.

"I think the bottom half of the economy is already in recession to some extent," says Evan Sheehan, consumer products leader at Deloitte, adding that this puts the US economy in a precarious position. One big risk is that households that feel flush because their stock portfolios have increased in value over the past few years could sharply cut back their spending in the event of a market rout.

● Artificial Intelligence

"We're all mad here." —The Cheshire Cat

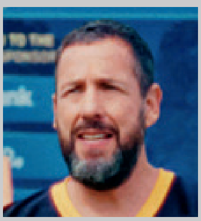
Without a doubt, AI was the engine powering the 2025 economy, not to mention the markets: The Magnificent 7—Alphabet, Amazon.com, Apple, Meta Platforms, Microsoft, Nvidia and Tesla—now make up more than a third of the total value of the S&P 500.

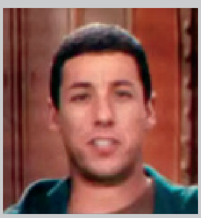
Right now the promise of AI is driving business expansion and even, according to Redfin's Fairweather, propping up the construction industry (building AI data centers). As long as that promise holds, Zandi says, so will the economy. "But we're in this very tenuous place."

Will 2026 bring a recession? Signs point to no—as long as the fundamentals hold and investors keep their heads. Or, as Tweedledee explained to Alice: "If it was so, it might be; and if it were so, it would be; but as it isn't, it ain't." Sounds like an economic forecast to me. Ⓑ

Grapple with the future of Hollywood

By Lucas Shaw





● In Netflix's *Happy Gilmore 2*, Adam Sandler was de-aged using artificial intelligence

■ PHOTOS: NETFLIX

While finishing *Mercy*, his upcoming film starring Chris Pratt, Timur Bekmambetov decided to make a new movie almost entirely generated by artificial intelligence. The 64-year-old has directed more than a dozen films, including the Angelina Jolie action thriller *Wanted* and a remake of *Ben-Hur*, and has always been an early adopter of new techniques. He's produced a few films, such as 2018's *Searching*, that take place almost entirely on smartphones and computer screens.

Generative AI video technology is not yet good enough for anyone to make an entire feature-length movie. But Bekmambetov felt compelled to try. He adapted *The Man With a Shattered World*, a book about a young soldier who sustains a traumatic brain injury in battle and the efforts to recover his memories. The project, Bekmambetov surmised, could make a virtue of AI's shortcomings—its glitches and hallucinations could be presented as reflections of the soldier's brain damage.

What would have been a $150 million movie employing hundreds of people cost a fraction of that, featuring just one actor and a skeleton crew. While the result isn't ready to be released—Bekmambetov says this is just a proof of concept—he's convinced AI is going to upend the way people make movies. He's even developing software that will allow anyone working on a film project to integrate AI into their work, creating a digital assistant to help each department. "I am 100% sure it's a revolution. Not in cinema—in every industry," he says from his home base of Cyprus. "We cannot stop it."

Not everyone is as willing to embrace this vision of the future. Bekmambetov recently got a call from one of the producers of *Mercy*, a thriller about a detective who has 90 minutes to convince a judge that he didn't murder his wife. The judge, Maddox, is an artificially intelligent digital being whose avatar presents as Rebecca Ferguson. In spite of the plot, Amazon.com Inc. completely forbade the use of AI on the film, which the company will release in January. "He called me and said the actors are not ▶

happy that you are trying to create an AI service," Bekmambetov says.

The rise of artificial intelligence has divided Hollywood, a contracting industry torn between its desire to experiment with new technology and its fear of its implications. While development executives use ChatGPT to analyze scripts and marketers use it to assist with creative campaigns, many of those same people are worried their companies will use AI to eliminate their jobs. A growing chorus of filmmakers has come out against generative AI, including director Guillermo Del Toro, who said in October that he'd rather die than use the technology in his films.

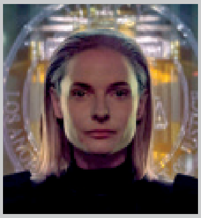
This tension could well boil over in the coming year. December saw the industry's biggest move yet, with Walt Disney Co. entering a licensing agreement for OpenAI's Sora and investing $1 billion in the company. Until now, studios have been eager to tout the potential benefits of AI to investors, but afraid to divulge their biggest experiments, lest they antagonize talent and alienate labor unions. Writers and actors went on strike for months in 2023, animated in no small part by concerns over AI. Those contracts expire again in 2026, and Hollywood is bracing for another potential labor stoppage. "Most of the studios have been too timid," says Amit Jain, CEO of Luma AI, a leading video generator. "They're scared to talk to their filmmakers or to bring AI to them." They have also been wary of AI's potential impact on their most valuable assets, their film and TV catalogs.

Hollywood has survived a century of technological advances by integrating sound, color and visual effects, but the age of computing has undermined the foundation of the entertainment business unlike any innovation before. Despite the industry's attempts to fight new players through litigation and regulation, the internet eliminated studios' stranglehold on video distribution. Napster ushered in an era of file-sharing sites that allowed movie fans to access blockbusters for free, before giving way to Netflix, YouTube and other legal streaming platforms, which offered bottomless entertainment far cheaper than cable TV.

When OpenAI released the latest edition of its video app, Sora 2, in October, it augured a world in which AI will eliminate the industry's advantage in creating that entertainment as well. The smartphone has already put a camera in the pocket of every aspiring Spielberg. New AI models, trained on vast amounts of video, including hit movies and TV shows, could enable those young filmmakers to produce work that resembles Hollywood content for much less money and in much less time.

The industry initially erupted in anger in the fall, convinced that OpenAI had violated its rights by allowing anyone to produce videos featuring famous people and copyrighted characters unless the stars or studios opted out. While no lawsuits were filed, the uproar pressured the company to revise its policy by requiring an opt-in from celebrities and IP holders.

The growing sense that AI video would thunder ahead pushed studios to begin publicizing small ways they're implementing the technology. Netflix said it used AI to de-age characters in *Happy Gilmore 2*. Amazon instituted a team to find ways AI might create efficiencies in areas like animation and dubbing. Disney teased it would soon allow fans to use the technology to create videos of its princesses and superheroes—its landmark OpenAI deal followed a month later.



● **Rebecca Ferguson plays an AI avatar in Amazon's *Mercy***

Having been slow to embrace many digital technologies, entertainment leaders say they are trying to learn from past mistakes. They may have no choice. OpenAI, Google and Meta have the resources to fight any lawsuit, while governments will take too long to act.

"There is a recognition that you can't put the genie back in the bottle," says Aaron Moss, a partner at Mitchell, Silberberg & Knupp and author of the blog *Copyright Lately*. "These lawsuits take a long time to resolve." The most effective tactic is to impose limits through negotiations and find ways to utilize the technology. AI could produce useful tools that make films look even better. It could also reduce the cost of production, which has ballooned in recent years.

Actors, writers and directors are worried AI will devalue human work and jeopardize their livelihoods, and they are sounding the alarm at the same time studios have started to talk about their AI moves. *Knives Out* director Rian Johnson told the *Hollywood Reporter* that the technology is "making everything worse in every single way." At a recent film festival in Marrakech, actress Jenna Ortega and filmmakers Bong Joon Ho and Celine Song all spoke out against the use of AI, with Ho joking that he would organize a military squad to destroy the technology.

While the Hollywood workers at immediate risk are those in less glamorous jobs like animation, visual effects and makeup, the implementation of AI could be stickiest when it comes to onscreen talent. A studio owns the rights to a movie, but it doesn't own the rights to Tom Hanks' face or Lady Gaga's voice. And while there is an established legal framework for copyright, the rights to publicity, name, image and likeness are much fuzzier.

Talent representatives at major agencies, management companies and law firms are studying the potential implications for their clients. Kevin Yorn, a prominent entertainment lawyer, demands clauses in every client's contract to govern the use of digital replicas and synthetic likenesses, ensuring that a studio can't keep using a digitized version of them for future projects without permission. He's even filed with the copyright office to secure the voice of one of his clients, an uncertain legal maneuver.

"AI means someone can re-create your voice,

■ PHOTO: ALAMY

your face, your movement, your cadence, your entire persona from past performances or scrape media without you," says Yorn, whose clients include Scarlett Johansson. The star, who played an AI love interest in the movie *Her*, claimed OpenAI mimicked her voice in that film for its voice assistant after she declined to participate in the project. As Yorn sees it, AI poses an existential threat that "collapses the boundary between a person and a file."

Despite his reservations, Yorn is urging his clients to experiment. Matthew McConaughey, another client, recently teamed up with the startup Eleven Labs so it can clone his voice. McConaughey also invested an undisclosed amount of money in the company, which could help big stars make even more money than they do today by introducing a new revenue stream. The actor has already served as a spokesperson for Uber Eats and Salesforce and a voice actor in *Sing*, but what if his voice could be licensed by any advertising company or studio? "AI isn't a theoretical thing," Yorn says. "It's already embedded in how Hollywood is operating now." Ⓑ

■ PHOTOGRAPH BY RYAN DUFFIN FOR BLOOMBERG BUSINESSWEEK

Sell smaller salads

By Deena Shanker

In a strained economy, sacrifices will inevitably be made. Kitchen renovations, postponed. Family vacations, downscaled. Freshly prepared slop bowls, forsaken.

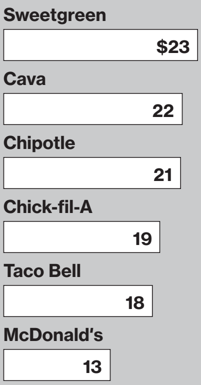
For many of the fast-casual chains that have grown so much over the past decade, the economic slowdown that already hit the fast-food industry has finally arrived. Only now, as chains like McDonald's and Burger King boast rebounds helped by deals on discounted meals, healthy fast casuals are discovering that even relatively well-to-do workers have their limits.

The industry's last round of earnings laid bare how vulnerable this once fast-growing niche really is. The most striking results came from Sweetgreen Inc., the chain that taught office workers to spend $17 on a sad desk salad. Its sales fell 9.5% in the third quarter from the prior-year period, even more than Wall Street had predicted, sending its shares plummeting; as of Dec. 15, it's lost more than 77% of its market value in 2025. Chipotle Mexican Grill Inc., the first national chain to market ingredients as more ethically sourced—and therefore worth more money—also delivered bad news. After predicting its performance in 2025 would be flat with 2024's, it now says it will see a sales decline in the low-single-digit range. Its shares are down 40% for the year as of Dec. 15. Cava Group Inc., the once-unstoppable maker of Mediterranean bowls, says foot traffic has stalled. It still expects sales growth from existing restaurants for the year, but only 3% to 4%, it says, not the 4% to 6% once predicted. The grim reports have led some to speculate that the entire lunch bowl concept could be coming to an end.

One obvious alternative for the health- and budget-conscious office worker is brown-bagging it. Buying groceries and making salads at home is always cheaper than buying one prepared to order at a counter, as is grabbing a protein bar or yogurt on the way out the door. For convenience-seekers, whole meals can be picked up at the supermarket or even ordered online. Walmart.com sells a premade Farmers Fridge grilled chicken Caesar salad in a jar for under $8—no brown bag, or trip to the store, needed.

At least some bowl customers are also trading down to fast food. Taco Bell parent company Yum! Brands Inc. has recently cited the trend, and Chris Kempczinski, chief executive officer of McDonald's Corp., alluded to it in an earnings call in November, ▶

● **Average transaction value, Nov. 2025**



■ DATA: BLOOMBERG SECOND MEASURE

◀ noting that the chain was increasingly bringing in "that upper-income consumer who is still looking for good value." David Portalatin, the food-service adviser at market research group Circana, says the proportion of lunches bought from restaurants, cafeterias and other food-service establishments remained stable at 23% for the three months ended in September, signaling that dropping out of Sweetgreen might mean going to Chick-fil-A instead. After all, the chain known for its crispy chicken sandwiches also makes some highly respectable crispy chicken salads, and Taco Bell does Chipotle-style bowls. Both fast-food chains sell these options for around $11 in pricey Manhattan.

The fast-food industry has been through enough economic cycles to know that, when customers get stingy, it's time for the discounts. Kempczinski pointed to McDonald's offers such as the $5 Sausage McMuffin with Egg Meal and $8 Big Mac Meal as success stories during the earnings call. At Burger King, too, the promos are working. To no one's surprise, the chain's $5 and $7 meal deals are resonating particularly with "guests who are focused on their budgets," said Joshua Kobza, CEO of Burger King owner Restaurant Brands International Inc., in a call with analysts in late October.

And yet, Chipotle and Cava both seem allergic to the suggestion that lower prices might help with flagging demand. "Value as a price point is not and will not be a Chipotle strategy," said CEO Scott Boatwright in a recent earnings call, even while acknowledging that the fast-casual sector "has been deemed unaffordable." A few days later, in his company's earnings call with analysts, Cava CEO Brett Schulman, said basically the same. "This is the most intense discount environment since the Great Recession," he said, before indicating that his company won't be participating. "Our value proposition, we believe, is much more holistic than a price point." He defined this, in part, as Cava's "exceptional guest experiences," which include seemingly unexceptional things like getting orders right and offering ample portions.

The executives then argued that their food isn't as expensive as everyone thinks. Boatwright complained that customers seem to lump Chipotle in with competitors selling $15 meals, when diners can actually "get extraordinary value for around $10." The company even tested an ad around that exact point, he said. But alas, "in the testing, the consumer missed that message." (Perhaps it's because consumers have been to Chipotle and know they always seem to walk out spending more than that.) Less than a week later, Cava's Schulman gave the same spiel. "We're not oblivious to the commentary about the $20 lunch," he said, before talking up a chicken bowl available in New York for $12.95.

Schulman repeated these talking points in an email to *Bloomberg Businessweek*, saying, "Consumers aren't just looking for the cheapest meal." He mentioned the company's grilled chicken bowls available for under $13, and added that the company is focused on "generous portions, vibrant flavors and genuine hospitality," and that it has increased prices less than the restaurant industry average. Sweetgreen and Chipotle declined to comment.

The resistance to discounting is understandable, given that fast-casual chains were built around the idea that people would pay more for something if they saw it as better than the bare minimum. There are good reasons for healthier lunches to cost more. Filling bowls with soon-to-wilt, easily damaged lettuce costs more than deep-frying everlasting frozen, precut French fries. The labor required to make fresh guacamole on-site will almost certainly cost more than preparing a guacamole-like substance that begins its in-store life in a plastic sack. Add in ubiquitous delivery apps taking their own cut of the revenue, plus tariffs and inflation, and the math is just hard, regardless of how many workers are now back in their offices.

Nonetheless, a recalibration in customer expectations is underway. At market research firm Technomic, analysts track how consumers perceive value. In 2025 price became the most important factor in the restaurant category for the first time, says Richard Shank, vice president for innovation, speaking about how consumers consider the various components of value. "It used to sit in the fourth position," after quality, service and portion size.

In December, Just Salad dropped the price of one of its market plates from $14.99 to $9.99 in Manhattan; sales more than doubled. Sweetgreen has told investors it's evaluating its prices, offering a loyalty program that comes with discounts here and there, providing some lower-priced seasonal options and, in December, a $10 bowl. Getting people back in the door may require Sweetgreen to make such offerings a regular presence on the menu, which would render the difficult economics of an industry with famously thin margins even more challenging.

There's one obvious way to drive down the cost of bowl-making, though: Offer smaller salads at a discount. A so-called healthy lunch can get close to the 1,000 calorie mark at many fast-casual restaurants, which is more than many people—especially the increasing number taking GLP-1 weight loss drugs—are looking for in the middle of the day. People want decent portions for the money they're spending, and there's reputational risk in hiding what are effectively price increases by serving smaller meals with higher per-calorie prices. Then again, people also don't like throwing food away or eating more than they really want to. Fast-food restaurants once found success by offering customers much more food for a bit more money. Maybe it's time for fast-casual restaurants to do the opposite—and cater to the crowd who thinks that, in this economy, less is more. Ⓑ

Upgrade the Democratic Party

By Wes Kosova

Democratic voters aren't just furious at Donald Trump for tearing down much of the federal government (and a big chunk of the White House). They've had it with the leaders of their own party, too, for not doing a better job of standing up to the president. More than two-thirds of Democrats described themselves as "frustrated" with the party in a September survey by the Pew Research Center.

Managing this discontent will be one of the biggest challenges for Democrats heading into the midterm elections in November, when they'll look to regain some amount of power in Washington. Decisive wins in New Jersey, Virginia and other states in 2025 have given them hope that voters who swung for Trump in 2024 may already be having second thoughts. The party is seeing a surge of newcomers eyeing public office. Many are notably young and left-wing, and some flaunt political inexperience as a credential. They all share a desire not only to win back control of the House of Representatives and possibly the Senate, but also to shake up their own party's aging, entrenched establishment.

Here are some of the names you'll be hearing for the first, or possibly the last, time in the tumultuous year in politics ahead.

The Targets

● Chuck Schumer

At 75, the Senate minority leader has been a fixture in DC for more than four decades. First elected to the House at 29, the New Yorker is now slower on his feet and no longer commands the obedience of his colleagues, many of whom were dismayed when he didn't stop a handful of Democratic senators from ending the 2025 government shutdown without major concessions from Republicans. "Senator Schumer is no longer effective and should be replaced," California Representative Ro Khanna wrote on X, echoing other progressive House Democrats. Schumer's Senate colleagues have so far not joined in. He hasn't hinted he'll step down, and his current term isn't up until 2028. But it looks increasingly unlikely that he'll hang on as leader until then.

● Hakeem Jeffries

The cautious House minority leader has largely escaped the scorn heaped on fellow Brooklynite Schumer. In part that's because his name barely registers outside Washington despite three years in the job. At times, Jeffries has appeared to struggle to find his footing against Trump and the Republicans. "I'm trying to figure out what leverage we actually have," he told reporters early this year. "It's their government." Not quite the battle cry demoralized Democrats were hoping for. A growing number of the party's members lament that they don't have a scrappier leader, and if Democrats do win back the House this year, Jeffries will almost certainly face a fight for the speaker's job he's long coveted.

■ PHOTOS: MCMORROW: MALLORY MCMORROW/ MICHIGAN STATE SENATE. MENDOZA: MENDOZA FOR CONGRESS. PLATNER: GRAHAM FOR MAINE. ALL OTHERS: GETTY IMAGES

The Insurgents

● Zohran Mamdani

It's hard to overstate the political impact of Mamdani's long-shot victory to become New York City's mayor. His campaign pledges to help working families afford housing, groceries and child care—and to stick the city's uber-rich with the bill—aren't so different from the progressive wish list of left-wing Democrats Elizabeth Warren and Alexandria Ocasio-Cortez, or of his fellow Democratic Socialist Bernie Sanders. But Mamdani says it with a smile instead of a scowl. Overnight, "affordability" was on the lips of every Democrat across the country. Of course, promising free stuff is fun and easy, and Mamdani has enjoyed a postelection honeymoon period. Things will get more challenging when he's sworn in on Jan. 1 and voters' hopes become expectations.

● JoAnna Mendoza

Mendoza's life story reads like a chatbot's response to the prompt: Create an ideal Democratic candidate for an Arizona congressional district with two major military bases that sits on the border with Mexico. Raised poor in rural Arizona, Mendoza worked picking cotton as a kid. She joined the Navy at 17 and then re-upped in the Marines. After tours in Iraq and Afghanistan, she came home to earn a college degree. She's an LGBTQ single mother who's running a campaign based on health care, veterans' rights and, yes, affordability. That formula has helped Mendoza outraise the other Democrats vying to unseat Juan Ciscomani, a Trump-endorsed Republican, in the suburban Tucson district.

● Graham Platner

Another ex-Marine, Platner is a gravel-voiced oyster farmer who often sounds as if he's two seconds away from blowing his top. Backed by Sanders, he's running as an everyman against Susan Collins, Maine's Republican senator, who's held tight to her seat for almost 30 years. Platner argues that Washington and Wall Street keep working people down. "The enemy is the oligarchy," he said in a campaign video produced by the same consultant who burnished Mamdani's outsider image. "It's the billionaires who pay for it and the politicians who sell us out." Platner's online past caught up with him when social media posts surfaced in which he called rural Americans stupid, declared himself a communist and made homophobic comments. And he had an old tattoo from his military days covered up because it resembled a Nazi symbol. Platner apologized for the comments, attributing them to a period of disillusionment after returning from Afghanistan, and said he had no idea about the tattoo's potential meaning. Schumer and other establishment Democrats are backing a safer candidate: the state's governor, Janet Mills.

● Mallory McMorrow

If the name of this state senator from Michigan somehow sounds familiar, it might be from the viral video. In 2022 a MAGA Republican who opposed McMorrow's support for LGBTQ materials in public schools sent around a fundraising letter accusing her of being a "groomer" who wanted to "sexualize" children. McMorrow, who calls herself a "straight, White, Christian, married, suburban mom," delivered a fiery speech denouncing the false attack. "I am the biggest threat to your hollow, hateful scheme," she said. The clip zipped across social media, and McMorrow, already a politician on the rise, was suddenly everywhere. She's now running for US Senate to succeed Democrat Gary Peters, who's retiring. Like every other Democrat this year, McMorrow is all about jobs, housing and health care. But don't call her a progressive. In Michigan, which sits on the knife-edge between blue and red, she prefers "pragmatist."

The Contenders

The next presidential election is still years away, but you can already hear prominent Democrats performing sound checks for 2028. Expect to see any number of boldface names turning up at campaign rallies for midterm candidates around the country—and grabbing a little camera time for themselves while they're at it. At this point in the 2020 election cycle, the field of hopefuls was thick with senators. Now it's all about governors. ● Wes Moore of Maryland, ● Gavin Newsom of California, ● JB Pritzker of Illinois, ● Josh Shapiro of Pennsylvania and ● Gretchen Whitmer of Michigan are all circling. So is ● Pete Buttigieg, the former transportation secretary whose frequent jaunts to help other candidates have banked him a lot of goodwill within the party. And don't count out ● AOC. The New York representative, now in her fourth term and ready to move up, is weighing which desk to go after—Trump's or Schumer's.

Give up on “winning” against China

By Christopher Beam

In April, when Washington and Beijing were exchanging tit-for-tat blows in the trade war, US Treasury Secretary Scott Bessent projected confidence. China had a “losing hand,” he told CNBC. “They’re playing with a pair of twos.”

It turned out Bessent and the Trump administration were the ones bluffing. After months of escalation—with the US leveling tariffs on China of 10%, then 20%, then 145%, then back down to 10%—the White House heralded the deal the two countries struck in late October as a “massive victory.” Yet the agreement looked a lot like the previous status quo. The US even made a sizable concession, reversing its decision to expand the list of Chinese companies subject to export controls, a policy tool that had previously been understood as nonnegotiable.

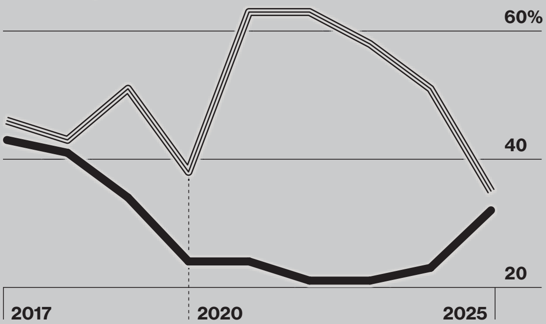
China not only shrugged off Donald Trump’s blows—it emerged with its strengths on clearer display. “China is no longer just a fast follower, but a system showing a very different—yet perhaps also viable, or even more feasible—model of development,” says Lizzi C. Lee, a fellow at the Asia Society Policy Institute.

For years it was conventional wisdom that while China’s growth miracle was unparalleled, it was also precarious. In 2001 the American conservative columnist Gordon Chang published *The Coming Collapse of China*, in which he predicted the Chinese Communist Party would drive the country into the ground—and itself out of power—within a decade. Undeterred by his prognostication failure, Chang updated his timeline in the waning days of 2011 to bet that the party would fall the following year.

The US and China Near Parity

People in high-income countries with a favorable opinion of ...

China US



During Trump’s first term and under the Biden administration, China hawks spread the idea that the US had to beat China before China could beat the US. This camp breathed a sigh of relief when China’s economy began showing signs of malaise in 2023: a slow-motion property crisis, a stock market selloff, legions of unemployed college graduates. Earlier predictions that Asia’s export powerhouse would one day surpass the US in gross domestic product terms were laid to rest. All of this resurrected the idea that China was once again a nudge away from collapse.

That notion looks increasingly strained. China is simply doing too well on too many fronts. Those hoping to see the country humbled must resign themselves to the reality that it remains a formidable rival—and is determined to expand its already substantial advantages, including in future-shaping sectors such as electric vehicles, clean energy and robotics.

The trade talks showed just how much leverage China has over the US. This is largely thanks to its near-total domination of the supply chain for rare earths (page 37). Beijing’s restrictions on export of the minerals threaten a host of US industries, including EVs, satellites, aviation and consumer electronics. The US is investing to develop domestic capacity in rare earth mining and processing, but “these changes will take years to fully remedy the current overdependence on China,” says Daniel Rosen, co-founder of the economic research firm Rhodium Group.

The US also relies on China for ingredients in nearly 700 medicines—a dependency so sensitive that China’s negotiators didn’t even bring it up in the recent trade talks. And the decision by China in October to cut off exports of computer chips made by Chinese-owned Nexperia to carmakers including Japan’s Honda and Nissan shows just how much disruption it can cause when it wants to.

Of course, the US has choke points of its own, primarily in that it’s the leading supplier of the microprocessors used to train artificial intelligence models. Trump has forbidden Nvidia Corp. from selling its highest-end chip, known as Blackwell, to China. But Hongbin Li, co-director of the Stanford Center on China’s Economy and Institutions, argues that Beijing has the upper hand. “Can we live without medicine,

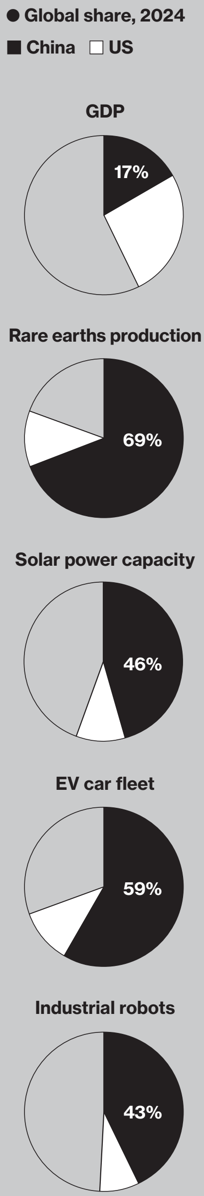


PHOTO: ANDREW HARNIK/GETTY IMAGES ■ DATA: PEW RESEARCH CENTER, WORLD BANK, US GEOLOGICAL SURVEY, BLOOMBERG NEF, INTERNATIONAL ENERGY AGENCY, INTERNATIONAL FEDERATION OF ROBOTICS without rare earths? No," he says. "Can the Chinese live without Nvidia chips? Yes, they can." (Li emphasizes that, overall, trade is mutually beneficial.)

China has also shown an ability to get around US export controls. Some Chinese companies rely on smuggling networks to get their hands on microprocessors, while others set up shell companies to purchase chips directly from manufacturers. Giants such as Huawei Technologies Co. are also working on producing their own chips that, while not quite state-of-the-art, will still enable competitive products.

In clean energy, China is running laps around the rest of the world, building twice as much solar power capacity as the US and Europe combined. The country dominates the global EV market, producing 70% of the world's electric cars. It's the leader in battery technology too: At 2025's Shanghai auto show, carmaker BYD Co. demonstrated a battery that charges most of the way in five minutes. In 2024, China installed more factory robots than the rest of the world combined. Shenzhen-based DJI sells 70% of commercial drones for consumers and businesses, and the US lags China in military drone technology as well.

China is investing heavily to pull ahead of the US in other areas. A recent report by the US-China Economic and Security Review Commission found that "China leads the world in quantum communications and is making rapid progress in quantum computing and sensing." While China is behind on cutting-edge AI, it's receiving more AI-related patents than any other country and is pushing the limits of what's possible without the most advanced chips, as evidenced by the "DeepSeek moment" last January, when the company rolled out a competitive AI model at a fraction of the cost of its US rivals'. "We're one Chinese disruption away from the whole AI balloon popping," says Evan Medeiros, a former policy adviser under Presidents Barack Obama and Joe Biden who now teaches at Georgetown University.

Lee of the Asia Society Policy Institute says China's strength lies in its ability to "scale technologies quickly and deploy them throughout its economy," as it did with EVs, solar and batteries. "I think similar dynamics will continue to manifest in its AI ecosystem, next-generation infrastructure, robotics and quantum sectors," she says.

The US still has the world's strongest military, but China is catching up. One Chinese shipbuilder produced more vessels last year than the US has made since World War II. China recently launched an aircraft carrier with capabilities close to those of the US Navy's carriers. The country has doubled its stockpile of nuclear warheads since 2020 and has beefed up its submarine fleet. Both Trump and Chinese President Xi Jinping have danced around the question of Taiwan's status, but if Xi were to invade the island, it's far from clear that Trump would defend it.

To be sure, China faces serious economic challenges, especially in the long run. It's still navigating the wreckage of its housing market collapse, which has wiped out trillions of dollars in wealth, and its economy is battling deflation. Its population is aging rapidly, such that China will lose about a quarter of its working-age adults in the next 25 years, and many young people are despairing amid high unemployment. The country could still get stuck in the "middle-income trap"—that is, it could fail to transition from an investment-led economy to an innovation-driven one, Medeiros says. Indeed, avoiding that trap is precisely the goal of the Chinese Communist Party's new five-year plan, which prioritizes leading in "future industries" such as aerospace and quantum computing.

Despite China's growing strength—to say nothing of its willingness to trample on individual rights and freedoms—US perceptions of the country appear to be softening, with fewer seeing it as an "enemy" than even a couple of years ago. Between TikTok and Labubus, perhaps Americans are recognizing the role China plays in their lives. Maybe all those travel influencers agog at Chinese robots and hot pot and high-speed trains are winning hearts and minds. It's also possible that, compared with the chaos of US politics, China's relative stability—from a distance, at least—doesn't look so bad. Whatever the reason, it seems Americans are reconsidering China's place in the world. It's about time, if only because rooting for its demise isn't going to work. B

Extra Credit
Tech in China

We asked Eva Dou, author of the highly praised *House of Huawei: The Secret History of China's Most Powerful Company*, to recommend five resources—books, podcasts, newsletters—for anyone who wants to better understand tech in China.

1. *Tech Buzz China Insider*
Newsletter

San Francisco-based Rui Ma "has worked in the venture capital space both in the US and China for years, and she just has her finger on the pulse of what's bubbling up in China's fast-moving tech startup scene."

2. *ChinaTalk*
Podcast

Host Jordan Schneider is "not afraid to get into the weeds." Recent guests include a former CIA analyst, a Chinese artificial intelligence company's head of product and Biden national security adviser Jake Sullivan.

3. *Interconnected*
Newsletter

Investor Kevin Xu's "in-depth studies under the surface of China's AI boom" have delivered insights about companies such as DeepSeek. He writes that China and the US are engaged in AI "coopetition" rather than a race.

4. *Yangyang Cheng*
Essays

A Yale University scholar and particle physicist, Cheng "approaches thorny topics about US-China relations and technology competition between the two countries with real humanity and cross-disciplinary insight."

5. *The Wire China*
Website

Former *New York Times* reporter David Barboza and his team have "been doing some of the most detailed research on the Chinese companies that matter in this moment," using a document- and data-centered approach.

Prove you're human

By Issie Lapowsky

Hany Farid couldn't shake the feeling that he wasn't actually talking to Barack Obama.

It was 2023, and an Obama aide had reached out to Farid, a professor of computer science at the University of California at Berkeley specializing in image analysis and digital forensics, to ask if he'd talk to the former president about deepfake technology. As the video call went on, the experience of talking one-on-one with Obama—his voice and cadence as distinctive as ever—started to feel a little uncanny. "The whole time, I'm like, 'This is a deepfake. This is not Obama,'" Farid says. "I wanted to tell him: 'Put your hand in front of your face.'"

At the time, asking someone to wave a hand in front of their face was one way to identify a deepfake. The image on the screen would either become distorted and give the fraudster away, or it wouldn't. But Farid couldn't bring himself to look into the former president's eyes and ask him to prove those eyes were real. "So for 10 minutes, I'm like, 'Am I just being punked?'" Farid says.

He wasn't being punked, as it turned out. But Farid's suspicions reflected just how much artificial intelligence has stoked paranoia among humans interacting online. The technology is also developing rapidly to bypass human beings' most obvious defenses. The hand-waving trick is already becoming obsolete, as Farid demonstrated on a recent video call with *Bloomberg Businessweek* by swapping out his face for that of OpenAI Chief Executive Officer Sam Altman. There was some lag between his voice and the video and a dash of deadness behind the eyes, but Farid could scratch his cheek and shine a flashlight at his head without disturbing the image at all. "As a general rule," Farid says, "this idea that you're on a video call with somebody, so you can trust that, is over."

People have been preparing for the day when machines could convincingly behave as humans since at least 1950, when Alan Turing proposed an evaluation he called the "imitation game." In what's now known as the Turing test, a human judge would have a written conversation with a machine and another human, then try to guess which was which. If the machine could fool the judge, it passed. Decades later, websites regularly ask users to prove their humanness by deciphering those contorted letters and numbers known as captchas, which humans read easily enough but computers have struggled with. (The acronym stands for Completely Automated Public Turing test to tell Computers and Humans Apart.) As automated tools got more sophisticated, these digital traps did too. They also got weirder, requiring people to identify photos of dogs smiling—and, in doing so, contemplate whether dogs can smile at all—just to buy some concert tickets.

The advent of large language models has busted through those defenses. With careful prompting, research has found, AI agents can solve complex captchas. Another recent study of 126 participants put several LLMs to the Turing test and found that they guessed OpenAI's GPT-4.5 was the human 73% of the time.

In a world mediated by the internet, trust is breaking down, making any interaction—be it with a potential employer, a would-be romantic partner, your mom calling from her vacation abroad or a former US president—vulnerable to high-level deception. Already, voice clone fraudsters have impersonated US Secretary of State Marco Rubio to communicate with foreign ministers. A Hong Kong-based employee at a multinational firm sent $25 million to a scammer who used a deepfake to pose as the company's chief financial officer, CNN reported in 2024.

Now, in the absence of better solutions, both individuals and institutions are devising their own informal Turing tests on the fly. They are jumping through new hoops that often defy existing social norms to verify their sentience and asking others to do the same. As machines get better at acting like humans, humans are changing how they act. They're altering the way they write, the way they hire and the way they interact with strangers, all to avoid being taken for—or taken by—AI.

Elizabeth Zaborowska was once known around her office as "the em dash queen," so much so that her colleagues at her first marketing job in New York City hung a sign outside her cubicle saying so. Zaborowska saw the punctuational flourish as an elegant way to merge two ideas without muddying up her sentences. When she started her own public-relations firm, Bhava Communications, her team adopted its boss's writing style, em dashes and all. But ChatGPT also has a thing for em dashes, the use of which has ended up on the short list of rhetorical ticks now seen as tells of AI-generated prose. At a time when companies are firing their public-relations firms in favor of free AI tools, Zaborowska couldn't risk anyone thinking she was passing off a chatbot's work as her own. This past spring, she gathered her team for its weekly virtual meeting and ordered the em dash banished for good. (OpenAI, it should be noted, is working on ridding its chatbot of its em dash obsession.)

In the grand scheme of AI-driven disruption, it was the smallest of sacrifices. But to Zaborowska it portended something bigger: To sound human, she was suppressing her instincts. “It’s changing the pace of language,” she says, “and I’m obsessed with language.”

For Sarah Suzuki Harvard, a copywriter at the content agency storyarb, the internetwide effort to identify AI writing has become “a witch hunt” that’s driven her to censor her own work. She recently sounded off on LinkedIn about all the common writing constructs now seen as AI red flags. Irritatingly,

those red flags are actually all human quirks the computers picked up while being trained. “We’re the ones who built the machines,” Suzuki Harvard says. “They’re plagiarizing from us.”

Regardless, it has fallen on humans to prove themselves. The issue is perhaps most pronounced on college campuses, where professors use Reddit to swap strategies for catching their students ChatGPT-cheating, and students take to TikTok to rage about being punished for their hard work that’s mistaken for AI. Wikipedia editors, meanwhile, have banded together to weed out AI-generated entries, scanning the site for obvious giveaways, such as fake citations, and less obvious ones, like entries that overuse the word “delves.”

The goal isn’t to eliminate all AI-generated content on Wikipedia, says Ilyas Lebleu, a founding member of the editor group WikiProject AI Cleanup, but to strip out the slop. “If the information is right and there are real citations, it’s good,” Lebleu says. “The biggest gripe is with unreviewed AI content.”

In the world of hiring, generative AI has made it easy for anyone to create a thorough job application with one click, leading to a deluge of cover letters and résumés for overworked human resources teams to sift through. Kyle Arteaga, CEO of the Seattle-based communications firm Bulleit Group, says his company has recently received thousands of applications per position and often winds up interviewing people who used AI to seek employment on such an industrial scale they don’t remember applying at all. His team has responded by planting AI trip wires in job listings, asking applicants to include a pop-culture reference in their cover letter and to name their Hogwarts House. In the case of one recent listing, Arteaga says, less than 3% of the more than 900 applicants followed the instructions, dramatically reducing the pool of contenders. (The job, for what it’s worth, went to a Ravenclaw.)

To mitigate the risk of AI scams, people are also turning to a range of what Farid calls “analog solutions.” OpenAI’s Altman recently suggested one defense against voice clones posing as people’s loved ones may be for families to come up with secret “code words” they can ask for in times of crisis. Late last year, UK-based Starling Bank pushed out a marketing campaign encouraging its customers to do the same. According to Starling, 82% of people who saw the message said they were likely to take the advice.

Others are adopting go-to trick questions to confirm humanity on the web. During a recent chat with an online customer service agent, Pranava Adduri says he asked the agent to define Navier-Stokes, a set of mathematical equations that describe the motion of viscous fluids. Any try-hard chatbot, trained on all the world’s knowledge, would eagerly supply an answer, says Adduri, who’s co-founder and chief technology officer of the Menlo Park, California-based security company Bedrock Data Inc. But the agent answered only, “I have no idea.”

“I’m like, ‘OK, you’re human,’” Adduri says.

A growing number of companies, including Alphabet Inc.’s Google, are bringing back in-person interviews, which chatbots, as a general rule, cannot attend. A Google spokesperson says the company made the shift to acclimate new hires to its culture, as well as “to make sure candidates have the fundamental coding skills necessary for the roles they’re interviewing for.”

But Google and other major corporations have other good reasons to want to meet new hires in person. According to the Federal Bureau of Investigation, undercover North Korean IT workers have successfully landed jobs at more than 100 US companies by posing as remote workers. These scams, which often rely on AI tools, have funneled hundreds of millions of dollars a year to North Korea and have even ensnared American accomplices.

“It’s no secret that there’s fake candidates out there,” says Kelly Jones, Cisco Systems Inc.’s chief people officer, who says the company has added

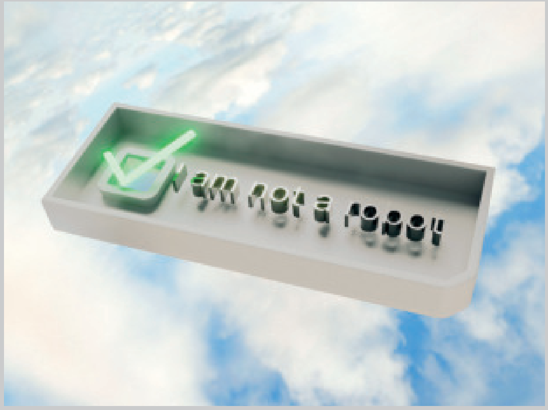
■ ILLUSTRATIONS BY BENJAMIN FREEDMAN. DOGS: GETTY IMAGES (6)

◀ biometric verification to its application process.

The increasing demand for proof of humanness has, naturally, given rise to an emerging economy of technological solutions. On one side are deepfake-busting tools that plug into existing platforms, such as Zoom, and purport to detect synthetic audio and video in real time. JPMorgan Chase & Co. uses one such tool, called Reality Defender, on its communications network. Farid has co-founded his own company, GetReal Security, which also offers real-time detection of deepfakes, as well as other digital forensics services.

On the flip side are tools that promise to verify that people are actually people through cryptographic or biometric methods. The most prominent is the Orb, an eyeball-scanning device developed by Tools for Humanity, co-founded by Altman. The Orb uses scans of people's irises to produce an identification code its creators liken to a digital passport. The code, called the World ID, can then be validated with the World App anytime a user needs to confirm their identity. While the developers say the system doesn't store any personal data about users, the idea has triggered a good deal of dystopian dread. Some countries, including Brazil, have gone so far as to ban it.

The Orb and other proof of personhood ideas would rely on a single entity, be it a private company, a government or a nongovernmental organization,



to issue the credentials in the first place, putting tremendous power in the issuer's hands. They're also long-term fixes, requiring widespread societal and institutional buy-in, and, when it comes to the crisis in trust online, Farid says, "we've got a problem right now."

Each of these supposed solutions, from the end of the em dash to the Orb, involves trade-offs, whether requiring human beings to give up little bits of themselves or turning the act of being human itself into a kind of performance. We've reached a point in AI's evolution where we've trained probabilistic machines to be a little too good at predicting, in any given circumstance, what a human would do. Now, to distinguish ourselves from them, we're stuck trying to figure out the same thing. ◼

Buy your luxury secondhand

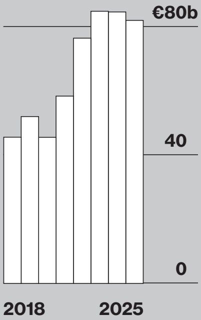
■ PHOTOS: THE REALREAL ■ ILLUSTRATION BY BENJAMIN FREEDMAN ■ DATA: BLOOMBERG

By Amanda Mull

Even in the best of times, luxury fashion is a tricky business. The contradiction at the heart of the largely European industry—its goods command high prices because they're putatively rare or special, but they're produced at industrial scale and sold in every corner of the globe—is always threatening to collapse in on itself. That's true even if two decades of boom times have made the whole proposition seem far less precarious than perhaps it should. Now that precarity is on full display.

As recently as 2023, it was easy to feel as if the good times would last forever. That year, LVMH Moët Hennessy Louis Vuitton SE, fashion's largest and most powerful conglomerate, which owns brands including Louis Vuitton and Dior, brought in more than €86 billion ($100 billion) in revenue, the company's largest haul and a more than 50% increase from only four years earlier. The industry had been on the receiving end of a cash cannon fired by affluent people all over the world, whose savings accounts had grown fat during the pandemic from vacations not taken and tasting menus not eaten—to say nothing of their ballooning brokerage accounts, cryptocurrency wallets and property values. Those shoppers, bored at home,

● LVMH annual revenue, 12 months ending in September



● Chanel medium Classic Flap bag
2015: $4,900
2025: $11,300
Resale: $3,000 to $6,000

● Christian Louboutin Pigalle pumps
2015: $675
2025: $945
Resale: $175 to $400

evinced a willingness to buy almost anything Europe's fashion giants had on offer, and at seemingly any price.

Luxury brands responded to that willingness (or, if you want the companies' line, to rising costs of labor and raw materials) by jacking up their prices further and faster than most of their customers could have imagined possible. A report from HSBC Holdings Plc found that the prices of luxury goods in Europe increased an average of 54% from the end of 2019 through September 2024, far outpacing inflation. Some of the most sought-after items soared even higher: In 2019 a medium-size Chanel Classic Flap bag—one of the most popular and recognizable designs in fashion history—cost $5,800 in the US. At the beginning of 2025, the same bag would have set you back $10,200.

By then the cracks in global fashion's facade had become visible. "Luxury is in a death spiral," the longtime fashion editor and lecturer Katharine Zarella wrote in a *New York Times* op-ed at the height of the 2024 holiday shopping season. That year both LVMH and Kering SA—fashion's other heavyweight conglomerate, which owns Gucci and Balenciaga, among others—would post revenue declines, and both are on track for further declines once 2025 is tallied. Growth stalled for a whole host of reasons: The prices were ridiculous, yes, but also the industry's ideas were stale, the quality of many of its products had declined enough for customers to notice, and the Chinese economy faltered, stifling the spending power of the consumers who'd for years been European fashion's most reliable driver of expansion. Then the election of Donald Trump brought with it tariff chaos, recession fears and a stagnant US job market, spooking the middle-income American shoppers whom luxury marketers had worked for decades to persuade to splurge on $600 logo belts and $3,000 handbags every now and then.

Fashion's issues were bad enough this year that the state of the industry became fodder for discussion among the young people whose patronage will be crucial to its future. On TikTok, videos from Chinese manufacturers went viral in the US, claiming to expose the dubious origins of European luxury products, and in China, disenchantment with Europe's fashion giants has provided an opening for homegrown luxury brands to expand, some of them as much as 1,000% in the past two years, according to a recent data analysis from Bloomberg News. An ongoing investigation by Italian prosecutors linked brands including Dior and Armani to the exploitation of Chinese immigrant labor in clandestine Italian sweatshops, giving credence to the argument that most luxury goods aren't actually special at all. (The brands in question say they knew nothing about their products being manufactured in those facilities, pointing to the opaque nature of the fashion supply chain, in which vendors often subcontract work out to cheaper manufacturers without the explicit permission of their clients.)

Industry executives have undertaken a number of efforts to stanch the bleeding, most notably by bringing in fresh creative talent to breathe life into some of the most important brands in the business. Balenciaga, Bottega Veneta, Celine, Chanel, Dior, Fendi, Gucci, Loewe and Valentino, among a slew of others, all have new designers at the helm, a level of simultaneous upheaval unprecedented in the industry's modern era. Others are trying to crib tactics from Hermès International SCA, Prada SpA and the Row (one of the few serious American participants in the sector), which have continued to grow even as their peers have floundered. One strategy no one is trying is to moderate their prices: The same Chanel bag that was $10,200 in January is now $11,300. LVMH returned to growth in the most recent quarter, with a 1% improvement from a year earlier, though executives credited much of that success to the strength of beauty giant Sephora, even as the conglomerate's fashion assortment continues to lag.

Fashion brands aren't just working against their own price hikes and creative stagnancy to lure back customers; they're also working against the sometimes superior design and materials they offered to customers in years past. Huge selections of those goods (not to mention plenty of lightly used examples of current designs) are widely available for pennies on the dollar on resale platforms such as the RealReal Inc. and Vestiaire Collective.

Shoppers might be balking at what's available in luxury boutiques, but at least some of those dollars are now flowing into the secondhand fashion market, which is growing at three times the rate of the market for new goods, according to a recent report from Boston Consulting Group. The same report valued the current global secondhand market at $210 billion, with a projected value of $360 billion by 2030. Even in China, where high-end shoppers have long eschewed used clothing and accessories, the phenomenon is gaining traction. The country's resale market grew an estimated 35% this year, according to the consulting firm Digital Luxury Group.

The powerhouses of traditional luxury have long sought to distance themselves from the secondhand trade, and most refuse to verify the authenticity of products purchased at resale. With every passing year, though, their customer base becomes more open to the prospect of shopping from other people's closets, and the conglomerates' pricing games and middling output will continue to push holdouts to reconsider. There's never been a better time to shop for a gently used leather bag or cashmere coat, and secondhand shopping offers an opportunity that the biggest brands haven't been able to credibly present to shoppers in years: the prospect of finding something truly special and unexpected, and escaping the hunt with your finances intact. Ⓑ

Bet wisely

Prediction markets such as Polymarket and Kalshi let bettors wager on everything—wars, elections, Elon Musk's weekly X posts. As pollsters falter and sports gambling rules ease under President Donald Trump, these platforms have emerged as informal oracles that many believe can help predict economic indicators and major cultural events. For a no-stakes alternative, *Bloomberg Businessweek* created our own.

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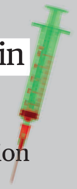
2026predictions

Will the US have to undeclare victory in the war on measles?



For 25 years, the US has held measles "elimination status." But countries lose that designation if an outbreak persists beyond 12 months. Signs indicate the Texas outbreak that began last January may still be spreading, raising the risk that the World Health Organization will proclaim the streak over.

Will FIFA punish at least one player for gambling on the World Cup?

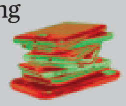
The world's most famous soccer tournament is coming to North America at a time when US sports leagues are riding the wave of legalized gambling—and struggling to contain betting scandals. Soccer has its own track record of such problems and could end up in a tricky position this summer.

Who will retire?

Rumors abound that 77-year-old Supreme Court Justice Clarence Thomas is weighing an exit under this Republican administration. Other potential retirements include NBA legend LeBron James, France's president Emmanuel Macron and longtime Apple Inc. CEO Tim Cook.

Will the majority of states ban smartphones in schools?

The right and left have started to coalesce on the value of school cellphone bans, which now exist in 14 states. The unusual agreement mirrors shifting public opinion—74% of US adults now support these restrictions.



Will the German far-right take control of a state for the first time?

AfD, a party that Germany's domestic intelligence agency has classified as "right-wing extremist," has made big electoral gains in recent years. If the party comes out ahead in state elections, it may be on course to win national office.

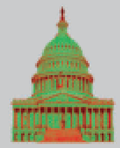
Will South Korea's birth rate grow?

Korea's "ultra-low fertility" is far below the replacement rate some experts think is needed to stave off economic peril. Modest gains have been made since July 2024, though it's unclear if that will continue—and if it will be enough to secure the country's financial future.

Will the Russia-Ukraine war end?

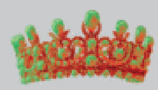
Before taking office, Trump boasted he would stop the conflict in Ukraine within 24 hours of becoming president. Almost a year into his term, he still hasn't delivered. Trump is now putting heavy pressure on Volodymyr Zelenskiy to accept a peace deal, even if it tilts toward the Kremlin's interests.

Will the federal government shut down again?



The longest shutdown in history ended in November, but the federal government is funded only through January. If major issues such as health care remain unresolved, another shutdown is eminently possible.

Will the Louvre jewels be recovered intact?



French police have arrested several suspects in the theft of $100 million in crown jewels, but they still haven't managed to find the loot itself. The hunt continues.

Will the number of $3 trillion companies increase?

Seven years after Apple crossed the trillion-dollar threshold, the AI boom has made tech companies with 13-digit valuations seem less extraordinary. Apple, Alphabet, Microsoft and Nvidia now exceed $3 trillion. If things stay hot, Amazon.com, Broadcom, Meta Platforms and Tesla may join them. Or the bubble could burst.

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50 Companies to Watch

Analysts at Bloomberg Intelligence track thousands of companies in industries ranging from computers and cars to finance and food. Here are 50 they've identified as worth watching carefully in the year ahead—for better or worse. Their assessments combine contrarian views and catalysts for change, such as new leadership, asset sales or acquisitions, and plans for products and services. When building the list, BI focused on the transformative effects of artificial intelligence, shifting US tariff policies and the race to lock down supplies of vital resources. —*Tim Craighead*

All figures compiled or calculated based on the most recent company reports and Bloomberg consensus estimates. Market capitalization figures were updated on Dec. 1, 2025.

ACS

Market cap	**$25b**
Top executive	**Florentino Pérez Rodríguez**
Legal name	**Actividades de Construcción y Servicios SA**
2026 estimated revenue change	**+8%**
2026 estimated sales	**$62b**

The Spanish engineering and construction company's operating profit is set to defy analyst forecasts in 2026. The key is US unit Turner, the top contractor in the States, where it leads in orders for data centers. Recent expansion plans from big tech companies point to further growth. —*Sonia Baldeiran*

Agilent

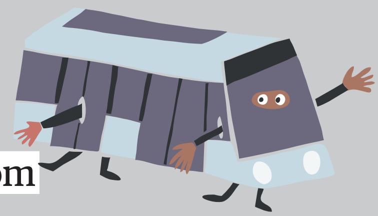
Market cap	**$42b**
Top executive	**Padraig McDonnell**
Legal name	**Agilent Technologies Inc.**
2026 estimated revenue change	**+5%**
2026 estimated sales	**$7.4b**

The maker of laboratory equipment and supplies is headed toward a better-than-anticipated profit margin in 2026. It will likely benefit from customers replacing key products, slimmed-down costs after a restructuring, and growing demand in China, which currently accounts for 15% of sales. —*Jonathan Palmer*

Air France-KLM

Market cap	**$3.4b**
Top executive	**Benjamin Smith**
Legal name	**Air France-KLM**
2026 estimated revenue change	**+4%**
2026 estimated sales	**$40b**

After profiting from lower fuel costs through 2025 and higher ticket prices earlier in the year, the outlook is increasingly turbulent for the French-Dutch airline. Anticipated wage increases and higher aircraft maintenance expenses threaten its profit margin. And growing competition on European and transatlantic routes—about two-thirds of Air France-KLM's total flights—are further challenges. —*Conroy Gaynor*



Alignment Healthcare

Market cap	**$3.6b**
Top executive	**John Kao**
Legal name	**Alignment Healthcare Inc.**
2026 estimated revenue change	**+30%**
2026 estimated sales	**$5.1b**

The managed-care provider with a focus on the elderly is on a multiyear profit growth trajectory, and 2026 should showcase market share gains. Alignment has significantly lower hospitalizations, emergency room visits and readmissions than its peers. This in turn has driven costs down, making it easier to attract new members as it expands into existing markets such as California or into new ones like Arizona. —*Glen Losevn*

Alnylam Pharma

Market cap	**$60b**
Top executive	**Yvonne Greenstreet**
Legal name	**Alnylam Pharmaceuticals Inc.**
2026 estimated revenue change	**+44%**
2026 estimated sales	**$5.4b**

The biotech company has developed the first approved drug of its kind to treat ATTR, a thickening of the heart wall that makes the organ pump less efficiently, afflicting as many as 500,000 people globally. This class of drugs, called silencers, may become the treatment of choice for the disease—and a major driver of growth for Alnylam. —*Ann-Hunter van Kirk*

Alstom

Market cap	**$12b**
Top executive	**Henri Poupart-Lafarge**
Legal name	**Alstom SA**
2026 estimated revenue change	**+4%**
2026 estimated sales	**$23b**

The French maker of train and subway systems has the potential to generate €2.5 billion ($2.9 billion) in cash flow through 2028—significantly above consensus—on the sale of more profitable products and a growing backlog of orders. High-margin signaling and services segments will benefit as European railways implement a new region-wide control system. Germany's multiyear effort to improve its ailing train system will be an added boost. —*Omid Vaziri*

■ ILLUSTRATIONS BY OSCAR BOLTON GREEN

ArcelorMittal

Market cap	**$34b**
Top executive	**Aditya Mittal**
Legal name	**ArcelorMittal**
2026 estimated revenue change	**+8%**
2026 estimated sales	**$67b**

Because of copious spare capacity and subdued industrial demand across Europe, the Luxembourg-based steelmaker will struggle to raise prices as much as the market expects. The situation could get even worse if too many shuttered mills are restarted in response to EU restrictions on imported steel. Many analysts have focused too much on the potential benefits of tariffs and Germany's infrastructure buildout, ignoring the risks posed by overcapacity. —*Alon Olsha*

Aviva

Market cap	**$26b**
Top executive	**Amanda Blanc**
Legal name	**Aviva Plc**
2026 estimated revenue change	**+8%**
2026 estimated sales	**$50b**

Since becoming the UK's biggest auto insurer with its purchase of rival Direct Line, Aviva has suffered falling premiums and rising claims costs. Its share of the market has doubled, but it's struggling to increase prices. The company's target of boosting profits by 10% annually over the next two years looks like a stretch. —*Kevin Ryan*

Boeing

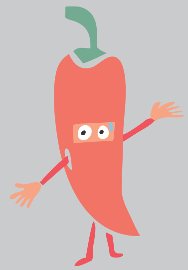
Market cap	**$141b**
Top executive	**Kelly Ortberg**
Legal name	**Boeing Co.**
2026 estimated revenue change	**+10%**
2026 estimated sales	**$97b**

After seven years of losses, the plane maker has returned to profitability, and that recovery should continue despite geopolitical risks and slow economic growth. Boeing's increased production of commercial aircraft is propelling earnings higher, and large backlogs will allow it to steer near-term deliveries away from places where it faces high tariffs. In the longer term, new orders should benefit from a perception that quality has stabilized and from purchases by countries seeking to equalize trade balances with the US. —*George Ferguson*

Bridgebio Pharma

Market cap	**$14b**
Top executive	**Neil Kumar**
Legal name	**BridgeBio Pharma Inc.**
2026 estimated revenue change	**+84%**
2026 estimated sales	**$0.9b**

The biotech company has developed an oral drug for the most common form of dwarfism, a condition that affects as many as 250,000 people globally. BridgeBio's pill is a significant step forward from earlier treatments that require a daily injection, which makes consistent usage tough. The market also appears to be overlooking the drug's potential for treating a milder form of dwarfism, a use that could more than double current consensus sales expectations. —*Ann-Hunter van Kirk*



Brinker

Market cap	**$6.7b**
Top executive	**Kevin Hochman**
Legal name	**Brinker International Inc.**
2026 estimated revenue change	**+3%**
2026 estimated sales	**$5.8b**

Revenue for the owner of the Chili's and Maggiano's Little Italy restaurant chains is on track to beat consensus estimates. Brinker has boosted marketing for Chili's, and new offerings such as frozen margaritas with Patron tequila, higher-quality ribs and improved nachos have significantly increased sales. Its remodeling of outlets to create a more welcoming vibe should help attract more customers. —*Michael Halen*

Canada Goose

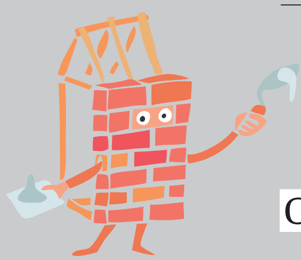
Market cap	**$1.4b**
Top executive	**Dani Reiss**
Legal name	**Canada Goose Holdings Inc.**
2026 estimated revenue change	**+5%**
2026 estimated sales	**$1.5b**

The puffy-coat maker's recently hired creative director, Haider Ackermann, is beginning to have a positive impact, helping boost earnings more than many analysts forecast. Since his arrival in 2024, Ackermann has added collections such as the premium "Snow Goose" line. A revived marketing push and a focus on higher-profit direct-to-consumer sales are also contributing to the positive outlook. —*Andrea Ferdinando Leggieri*

Capitec

Market cap	**$27b**
Top executive	**Graham Lee**
Legal name	**Capitec Bank Holdings Ltd.**
2026 estimated revenue change	**+18%**
2026 estimated sales	**$3.4b**

The South African bank is on track to generate earnings growth of 15% or more through 2028. It's taking the low-cost, low-price business model it developed for consumers and applying it to business banking, insurance and mortgages. Market expectations that growth will slow look too conservative. —*Philip Richards*



Carlisle

Market cap	**$13b**
Top executive	**D. Christian Koch**
Legal name	**Carlisle Cos.**
2026 estimated revenue change	**+3%**
2026 estimated sales	**$5.1b**

The producer of building materials is poised to beat 2026 profit forecasts as harsher weather takes its toll on aging roofs in the US and insurance companies step up requirements that customers do a better job of maintaining their homes. Construction stemming from reshoring and infrastructure projects, particularly in the Sun Belt, are additional catalysts. —*Kevin Kouam*

CBA

Market cap	**$167b**
Top executive	**Matt Comyn**
Legal name	**Commonwealth Bank of Australia**
2026 estimated revenue change	**+4%**
2026 estimated sales	**$20b**

The market has lofty expectations for growth at Australia's largest bank–CBA's valuation is one of the highest among global lenders. But its earnings appear set to disappoint because of climbing expenses, worsening loan portfolio quality and looming rate cuts from the Australian central bank. —*Matt Ingram*

CF Industries

Market cap	**$12b**
Top executive	**Tony Will**
Legal name	**CF Industries Holdings Inc.**
2026 estimated revenue change	**–6%**
2026 estimated sales	**$6.6b**

The US fertilizer maker is an early entrant into the market for "blue ammonia," a lower carbon version of the compound whose use is growing quickly in Europe. The EU's 2026-27 carbon policy should kick-start sales of the ingredient in fertilizers, chemicals, plastics and cleaning formulas, and given its US production base, CF's costs are about half of those of its European rivals. —*Alexis Maxwell*

China Railway Group

Market cap	**$18b**
Top executive	**Chen Wenjian**
Legal name	**China Railway Group Ltd.**
2026 estimated revenue change	**+1%**
2026 estimated sales	**$160b**

With China's infrastructure spending growth at a four-year low, it's getting harder for big state-owned contractors such as this bellwether to meet revenue targets. And after decades of large-scale transportation and infrastructure initiatives, Beijing's emphasis is shifting toward digital projects, green energy and urban renewal, which means China Railway Group will face greater competition from smaller companies. —*Denise Wong*

Constellation

Market cap	**$112b**
Top executive	**Joseph Dominguez**
Legal name	**Constellation Energy Corp.**
2026 estimated revenue change	**+11%**
2026 estimated sales	**$26b**

The biggest US nuclear power operator is poised to beat profit expectations over the next couple of years as it meets surging demand for clean, reliable electricity from data centers that provide the computational power for the artificial intelligence boom. In key states such as Illinois, it's signing new, more profitable contracts that lock in its role as a long-term energy supplier. —*Nikki Hsu*

Continental

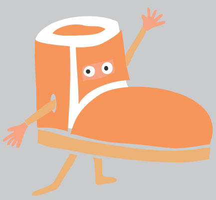
Market cap	**$15b**
Top executive	**Nikolai Setzer**
Legal name	**Continental AG**
2026 estimated revenue change	**–2%**
2026 estimated sales	**$23b**

The German tire maker's profit margins are likely to beat forecasts over the next two years as it streamlines its business. Continental has shifted production to larger, lower-cost factories in China, and it's cutting inefficient units, including its truck and bus tire operations in India. Completing the planned sale of its ContiTech industrial solutions division will allow the company to further focus on tires. —*Gillian Davis*

Danske

Market cap	**$39b**
Top executive	**Carsten Egeriis**
Legal name	**Danske Bank A/S**
2026 estimated revenue change	**+1%**
2026 estimated sales	**$8.9b**

With profit rising, the Danish bank should increase its dividend in 2026, as a three-year limitation on distributions imposed by regulators ended in 2025. Its profitability is climbing on strong lending income and solid credit, and with a capital buffer well above target, the lender has almost €3 billion it can use for higher dividends and buybacks. —*Maryana Black*



Deckers

Market cap	**$13b**
Top executive	**Stefano Caroti**
Legal name	**Deckers Outdoor Corp.**
2026 estimated revenue change	**+7%**
2026 estimated sales	**$5.6b**

The maker of Ugg and Hoka footwear is hoping innovation will temper investor concerns about slowing sales momentum. Hoka aims to expand its roughly 1% share of the global sports-footwear market with refreshed products and a broader wholesale push across Europe, the Middle East, Africa and Asia. Ugg is introducing styles to stay relevant beyond the winter months while also boosting its appeal for men. Add it up and it looks like 2026 sales growth will exceed management's guidance. —*Abigail Gilmartin*

Diageo

Market cap	**$51b**
Top executive	**Dave Lewis**
Legal name	**Diageo Plc**
2026 estimated revenue change	**+1%**
2026 estimated sales	**$20b**

New Chief Executive Officer Dave Lewis is eyeing a recovery after two consecutive years of estimate cuts. If inventory levels stabilize, tariff fears ease and consumers keep buying from the top shelf, the British booze maker could double sales growth to 4%. —*Duncan Fox*

Dino Polska

Market cap	**$11b**
Top executive	**Tomasz Biernacki**
Legal name	**Dino Polska SA**
2026 estimated revenue change	**+18%**
2026 estimated sales	**$11b**

The Polish supermarket chain continues to face competitive challenges and high wage costs that will increasingly hurt its operating profit. Dino gets all its business in its home country, where discounters Aldi and Lidl are both expanding fast. This puts the company at risk of a prolonged price war and adds pressure to step up promotional spending. —*Evgeniy Batchvarov*

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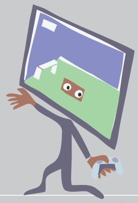
Dynatrace

Market cap	**$14b**
Top executive	**Rick McConnell**
Legal name	**Dynatrace Inc.**
2026 estimated revenue change	**+15%**
2026 estimated sales	**$2.2b**

The infrastructure software company's programs provide real-time monitoring of security and reliability for businesses' AI applications. As AI adoption expands across industries, Dynatrace's 2026 sales should again beat expectations. —*Sunil Rajgopal*



Electronic Arts

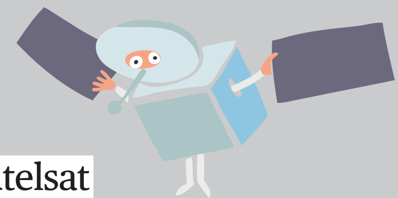
Market cap	**$51b**
Top executive	**Andrew Wilson**
Legal name	**Electronic Arts Inc.**
2026 estimated revenue change	**+6%**
2026 estimated sales	**$8.3b**

The gaming software shop's new *Battlefield 6* title has smashed the preorder records of Microsoft Corp.'s latest *Call of Duty*—the top franchise in the first-person shooter genre—and is on track to sell as many as 20 million copies. Electronic Arts' soccer titles should also get a lift from the 2026 World Cup, making the company's earnings guidance look conservative. —*Nathan Naidu*

Emerson

Market cap	**$74b**
Top executive	**Lal Karsanbhai**
Legal name	**Emerson Electric Co.**
2026 estimated revenue change	**+5%**
2026 estimated sales	**$19b**

The maker of industrial automation equipment is poised to benefit from new power projects and reshoring of manufacturing to the US. For instance, five US liquefied natural gas export terminals announced in 2025 point to significant orders for Emerson's AI-enabled flow-control and software systems, which should help increase the company's backlog to a new record. —*Mustafa Okur*



Eutelsat

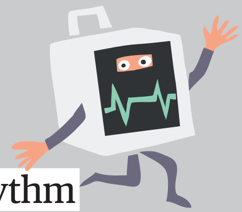
Market cap	**$1.8b**
Top executive	**Jean-François Fallacher**
Legal name	**Eutelsat Communications SA**
2026 estimated revenue change	**+2%**
2026 estimated sales	**$1.4b**

The Paris-based satellite operator is in a prime position to benefit as Europe boosts investment in security to counter the growing threat from Russia. The French military signed an agreement with Eutelsat for up to €1 billion in June, and other deals are in the works. And the company is likely to benefit from expansion of Iris2, the EU's sovereign communications network. —*John Davies*

First Quantum

Market cap	**$19b**
Top executive	**Tristan Pascall**
Legal name	**First Quantum Minerals Ltd.**
2026 estimated revenue change	**+25%**
2026 estimated sales	**$6.4b**

The market is betting that First Quantum's Cobre Panama copper mine will reopen in mid-2026, but that appears optimistic. The property was the company's largest before Panama shut it down two years ago, and so far there's no clear timeline for negotiations on restarting production. Given past protests over the mine and the economic stakes for both sides, a delay remains probable. —*Grant Sporre*



iRhythm

Market cap	**$5.9b**
Top executive	**Quentin Blackford**
Legal name	**iRhythm Technologies Inc.**
2026 estimated revenue change	**+17%**
2026 estimated sales	**$0.8b**

As it prepares to introduce a mobile cardiac telemetry device that can detect arrhythmia and send real-time data to monitoring centers, the medical device maker is on track for sales growth topping 20% through 2027. IRhythm is the leader in long-term cardiac monitors, and the new device promises to provide the company with a strong foothold in the mobile market as well. —*Matt Henriksson*

Joinn Labs

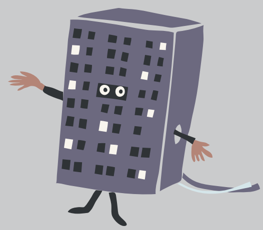
Market cap	**$2.7b**
Top executive	**Yuxia Feng**
Legal name	**Joinn Laboratories (China) Co.**
2026 estimated revenue change	**+9%**
2026 estimated sales	**$0.3b**

An effort by China to boost its pharmaceutical industry overseas offers an opportunity for its biotech companies. But that will include a shift away from generic therapies and locally based drug trials, which could hurt this Chinese provider of outsourced research and testing. With about 80% of its revenue coming from its home country, a shrinking backlog of contracts and a paucity of clinical trials increases the risk that Joinn will miss its 2026 sales forecasts. —*Jamie Maarten*

Kasikornbank

Market cap	**$14b**
Top executive	**Kattiya Indaravijaya**
Legal name	**Kasikornbank PCL**
2026 estimated revenue change	**–1%**
2026 estimated sales	**$5.9b**

As Thailand's growth slows and the country faces simmering trade tensions, its second-biggest lender is grappling with a shrinking loan portfolio and risky asset quality. Anemic gains in lending income and the need to set aside a bigger buffer to offset questionable loans could push the bank's 2026 profits below forecasts. —*Sarah Jane Mahmud*



Keppel DC

Market cap	**$4.3b**
Top executive	**Loh Hwee Long**
Legal name	**Keppel DC REIT**
2026 estimated revenue change	**+9%**
2026 estimated sales	**$0.3b**

The Singapore real estate investment trust focuses exclusively on data centers, and the city-state's reputation for political stability and security gives Keppel an edge in winning tenants for cloud and AI-related facilities. The REIT has also been able to increase rents as more companies seek space in existing centers, and it's adding properties across Asia. —*Ken Foong*

Kion

Market cap	**$9.7b**
Top executive	**Rob Smith**
Legal name	**Kion Group AG**
2026 estimated revenue change	**+6%**
2026 estimated sales	**$14b**

The German maker of forklifts and warehouse equipment is benefiting from decarbonization efforts, expanding e-commerce and rising automation amid a cyclical recovery. Strong growth in 2025 orders portends robust 2026 sales, and the shift to battery-powered systems is a tailwind given Kion's strength in electric trucks. —*Omid Vaziri*

Lam Research

Market cap	**$199b**
Top executive	**Tim Archer**
Legal name	**Lam Research Corp.**
2026 estimated revenue change	**+9%**
2026 estimated sales	**$22.3b**

The surge in AI investment will likely benefit the semiconductor equipment maker's revenue and earnings for the next two years. As more companies flock to the field, memory-chip producers such as Samsung Electronics and SK Hynix will need to invest in manufacturing tools to make processors and memory chips for AI servers. —*Masahiro Wakasugi*

Marvell

Market cap	**$81b**
Top executive	**Matt Murphy**
Legal name	**Marvell Technology Inc.**
2026 estimated revenue change	**+16%**
2026 estimated sales	**$9.3b**

Sales expectations look too conservative for this manufacturer of specialized chips that are critical for computer networks. Marvell has seen accelerating order growth from AI data centers with customers such as Microsoft and Amazon.com Inc., and it's working on more than 20 megaprojects. With about $7.5 billion already committed from a current pipeline of $75 billion, its business is poised to jump even further. —*Kunjan Sobhani*

Nike

Market cap	**$97b**
Top executive	**Elliott Hill**
Legal name	**Nike Inc.**
2026 estimated revenue change	**+4%**
2026 estimated sales	**$48b**

After three years of falling profit forecasts, the sportswear giant is starting to benefit from new product innovations. Early examples include the Pegasus Premium and Vomero 18 running shoes, Kobe Protro basketball shoes, an apparel collection called 24.7 and an expansion of the Air franchise—all introduced in 2025. Nike is also deepening partnerships with Foot Locker and Amazon.com, and it has a new women's activewear line with Skims. —*Poonam Goyal*

Nucor

Market cap	**$37b**
Top executive	**Leon Topalian**
Legal name	**Nucor Corp.**
2026 estimated revenue change	**+6%**
2026 estimated sales	**$35b**

Tariffs mean the American steelmaker's products may displace imports, increasing operating profit faster than market projections suggest. Nucor has the broadest product line in the US and spare capacity to meet demand. It's also nearing completion of a $16 billion investment plan aimed at expanding that line beyond basic steel commodities, adding products suited to infrastructure buildout and data center applications. —*Richard Bourke*

OTP Bank

Market cap	**$9.6b**
Top executive	**Péter Csányi**
Legal name	**OTP Bank Nyrt.**
2026 estimated revenue change	**+6%**
2026 estimated sales	**$9.4b**

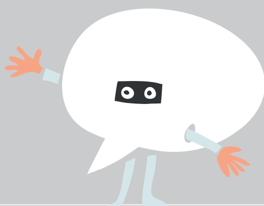
With profits accelerating, shareholder payouts at the Hungarian lender could climb significantly in the next two years. Business in Eastern Europe is propelling growth at OTP, which has seen its loan book expand by 10% annually since 2020. Management could increase dividends and share buybacks from the current level of about 45% to be more in line with peers, where payouts of 70% are the norm. —*Ilia Shchupko*

Pick n Pay

Market cap	**$1.1b**
Top executive	**Sean Summers**
Legal name	**Pick n Pay Stores Ltd.**
2026 estimated revenue change	**+11%**
2026 estimated sales	**$7.7b**

The South African supermarket chain looks set for a recovery in profits as price cuts boost sales growth, renovations make stores more welcoming to shoppers, and management seeks to expand the lineup of big brands. Add it up and it looks like earnings will make a big jump in 2026. —*Charles Allen*

Reddit



Market cap	**$43b**
Top executive	**Steve Huffman**
Legal name	**Reddit Inc.**
2026 estimated revenue change	**+38%**
2026 estimated sales	**$2.9b**

With AI services increasingly showing source links in search results, the user-driven discussion and information website is poised to benefit as more people get directed to its pages rather than simply seeing summaries. A strong rise in visitors—and ads served to them—would push 2026 revenue above consensus. —*Mandeep Singh*

Rocket

Market cap	**$57b**
Top executive	**Varun Krishna**
Legal name	**Rocket Cos.**
2026 estimated revenue change	**+66%**
2026 estimated sales	**$11b**

The online mortgage lender's 2025 acquisition of rival Mr. Cooper is likely to lead to weaker-than-expected 2026 earnings. The acquirer may have trouble realizing expected cost savings if Mr. Cooper's low-cost model is adjusted to match Rocket's service-intensive approach. Another hurdle is high interest rates, which have damped mortgage origination activity. —*Ben Elliott*

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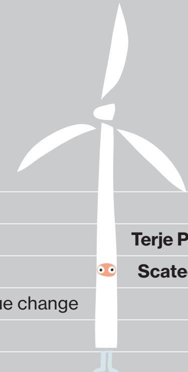
Samsung Electronics

Market cap	**$420b**
Top executive	**Lee Jae-Yong**
Legal name	**Samsung Electronics Co.**
2026 estimated revenue change	**+18%**
2026 estimated sales	**$262b**

The world's largest memory chip maker is likely to post stronger-than-expected profits in 2026 as rising demand drives up prices for conventional DRAM chips, one of Samsung's main products. Rivals SK Hynix Inc. and Micron Technology Inc. are focusing more on advanced high-bandwidth memory chips for AI, giving Samsung a further edge in traditional memory. —*Masahiro Wakasugi*

Scatec



Market cap	**$1.5b**
Top executive	**Terje Pilskog**
Legal name	**Scatec ASA**
2026 estimated revenue change	**+12%**
2026 estimated sales	**$0.6b**

The Norwegian renewable energy producer, which develops solar, wind and hydropower projects in emerging markets, is well-positioned for stronger-than-expected profits from 2026 to 2028. Scatec's solar installations in Egypt and South Africa are on track to boost operating capacity by about 50%, which will mean higher electricity volumes at a stable profit margin. —*Alessio Mastrandrea*

Sodexo

Market cap	**$7.6b**
Top executive	**Thierry Delaporte**
Legal name	**Sodexo**
2026 estimated revenue change	**+4%**
2026 estimated sales	**$28b**

Helped by price increases and new contracts, the French food-services provider looks set to return to growth after two years of lowering its financial forecasts. But the company, which serves businesses, schools and hospitals, must improve its client retention rate, which at 94% stands below that of peers. That's likely to be a key focus for CEO Thierry Delaporte, who took over in November. —*Stuart Gordon*

Sony Financial

Market cap	**$6.7b**
Top executive	**Toshihide Endo**
Legal name	**Sony Financial Group Inc.**
2026 estimated revenue change	**+7%**
2026 estimated sales	**$6.9b**

The Japanese insurer is likely to return much more to shareholders than the market expects after relisting on the Tokyo Stock Exchange in September. Its strong capital position supports an announced stock buyback plan, and together with cash dividends, total shareholder returns could reach 100 billion yen ($640 million). —*Steven Lam*

Tawuniya

Market cap	**$4.9b**
Top executive	**Othman Yousef AlKassabi**
Legal name	**The Company for Cooperative Insurance (Tawuniya)**
2026 estimated revenue change	**+15%**
2026 estimated sales	**$6.5b**

The Saudi insurer is set for stronger-than-expected earnings growth as it expands into the country's $60 billion health-care market. With the government shying away from its dominant role in the sector, Tawuniya's primary health-care arm, Meena, is growing faster than its rivals. And its hybrid model of in-person and digital services helps cut inpatient and emergency claims. —*Salome Skhirtladze*

Telkom Indonesia

Market cap	**$21b**
Top executive	**Angga Raka Prabowo**
Legal name	**PT Telkom Indonesia (Persero) Tbk.**
2026 estimated revenue change	**+3%**
2026 estimated sales	**$9.2b**

After a drop in mobile revenue over the past two years, the Indonesian carrier is poised for a strong recovery in 2026. Under new leadership, it's raising entry-level prices, promoting bundles that combine fixed and mobile phone plans, and benefiting from higher data usage. Proceeds from selling noncore assets such as its wholesale fiber or signal tower businesses may also help lift dividends. —*Chris Muckensturm*

TSMC

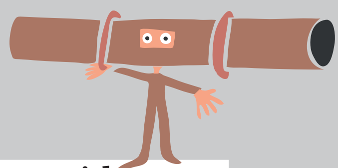
Market cap	**$1,200b**
Top executive	**C.C. Wei**
Legal name	**Taiwan Semiconductor Manufacturing Co.**
2026 estimated revenue change	**+22%**
2026 estimated sales	**$147b**

With strong demand for AI chips and limited competition in advanced chipmaking, consensus profit forecasts for the world's top semiconductor foundry look too low. TSMC, which makes AI chips for Nvidia, Broadcom and AMD, as well as other processors for long-time customers such as Apple, is well-positioned to increase prices and strengthen its margins. —*Charles Shum*

Voya Financial

Market cap	**$6.7b**
Top executive	**Heather Lavallee**
Legal name	**Voya Financial Inc.**
2026 estimated revenue change	**+6%**
2026 estimated sales	**$8.2b**

Earnings forecasts for 2026 are likely to keep rising, helped by growth across Voya's businesses. Its "stop-loss" medical insurance programs, which limit employer health costs, are gaining from higher renewal prices. And its retirement and investment services division has more than $1 trillion in client assets, generating additional revenue. —*Jeffrey Flynn*



Western Midstream

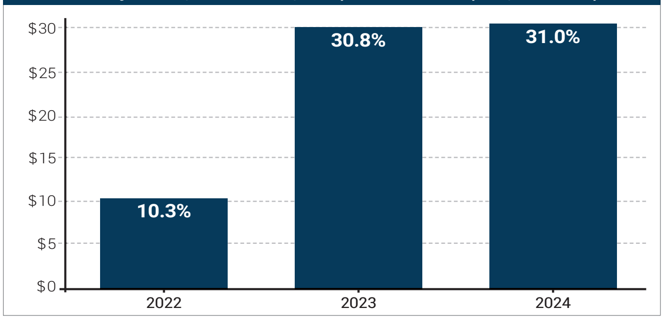
Market cap	**$16b**
Top executive	**Oscar Brown**
Legal name	**Western Midstream Partners LP**
2026 estimated revenue change	**+11%**
2026 estimated sales	**$4.2b**

Cash flow at the operator of oil, gas and water pipelines is likely to be stronger than expected. Western Midstream's focus on gathering and processing natural gas from the Permian Basin is a key growth driver, even as the industry worries about low energy prices. Its purchase of Aris, which handles polluted water produced from oil and gas wells, should also boost growth and cost savings. —*Talon Custer*

Japan's New Era: Markets Poised for Renewal

Japan's private equity and real estate sectors are advancing through careful structural change, revealing stronger, more accessible markets that are drawing unprecedented global attention.

Greenfield investment in Japan (billion USD)
Source: Ministry of Land, Infrastructure, Transport and Tourism. (2025, October 25)



A bonsai's beauty comes from patient, deliberate shaping—years of careful pruning and balanced growth. Japan's private equity market has developed in much the same way. While Asia's M&A activity slowed in 2024, Japan stood apart. Deal values rose 20 percent in 2023, another 8 percent in 2024, whilst foreign direct investment stock hit an all-time high, with early signs pointing to another record year in 2025 for greenfield commitments.

This acceleration is the result of long-term structural refinement. METI, the Ministry of Economy, Trade and Industry, the Tokyo Stock Exchange, and successive Corporate Governance and Stewardship Code revisions encouraged companies to improve capital efficiency, divest non-core assets, and modernize ownership structures. With roughly 3.6 million companies—many family-run—Japan now offers a landscape rich in succession opportunities and mid-market carve-outs.

But the roots of trust still matter. In a corporate culture where employees strongly identify with their firm, continuity often outweighs financial engineering. T Capital Partners President Koji Sasaki notes: "When a founder steps down, employees want to know their livelihoods and traditions will not disappear." Iwakaze Capital co-founders Kenji Ueda agrees. "In Japan, sellers often choose a buyer with a lower bid if they believe that buyer will protect employees and legacy." What makes Japan different from other markets is not the size of deals but the way they get done. For private equity, trust is the real entry ticket—something succession-focused firms understand acutely.

These shifts mirror broader corporate change. As Keisuke Yokoo, President of the Japan Investment Corporation (JIC), explains, "The mindset of Japanese management itself has started to evolve." With foreign investors now accounting for more than half of trading activity on Japanese stock exchanges, companies are finally embracing efficiency and transparency.

Like a bonsai that reveals its form after years of steady, intentional care, Japan's private equity landscape is flourishing from foundations that were strengthened before the world took notice.

Japan's Digital Renaissance: Real Estate Rebuilt for a Smarter Future

Japan's real estate market is being strengthened by data, AI, and digital platforms—creating a more transparent, resilient, and globally accessible investment landscape.

Japan's real estate sector's transformation echoes kintsugi—the art of repairing pottery with gold to create something stronger and more valuable. Rather than patching outdated systems, Japan is filling long-standing gaps in urban data, transparency, and process with digital "gold." Government initiatives such as MLIT's PLATEAU 3D city program – recognized by the OECD as one of the world's most advanced public digital twin ecosystems – and the 2022 shift toward fully digital contracts are creating a more efficient and resilient foundation for planning and investment.

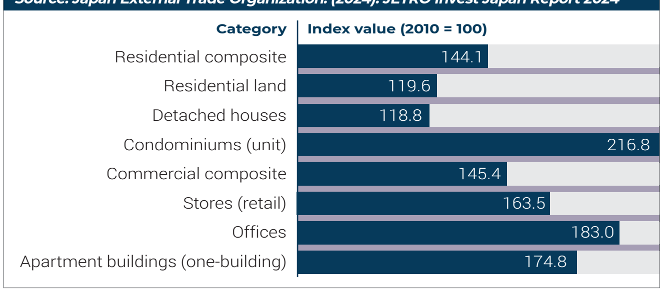
TASUKI Holdings illustrates how companies are reforging their structure for the digital era. As President and CEO Yu Kashiwamura explains, the merger aimed to "combine SHIN-NIHON TATEMONO's financial strength with TASUKI's agility and tech DNA," enabling the group to pursue larger projects and adopt data-centric development workflows. In kintsugi terms, distinct strengths are fused into a stronger, unified form.

Ambition DX Holdings represents another layer of this golden repair, integrating AI and IoT to modernize the rental lifecycle. President Hiroyuki Sano notes the company is "investing in IoT startups and acquiring AI-focused companies" to lead next-generation digital real estate through platforms like Ambition Cloud and Ambition Sign.

Syla Holdings further demonstrates how digital intelligence is opening the market to global investors. CEO Hiroyuki Sugimoto emphasizes that "the depreciation of the yen has opened an unprecedented window for global investors." Through compact assets and AI-driven analytics, Syla is lowering barriers and democratizing property investment.

Together, these developments show how Japan is reconstructing its real estate market—strengthening each fracture with digital innovation to build a more resilient, transparent, and enduring urban future, much like a master of kintsugi.

Real Estate Price Index (June 2025)
Source: Japan External Trade Organization. (2024). JETRO Invest Japan Report 2024



Unlocking Japan's Untapped Private Equity Goldmine: T Capital's Strategic Vision for Generational Growth

What if one of the world's most overlooked private equity markets was also one of its most structurally promising—and still largely untapped?

As global dealmaking slows and private capital pulls back across Asia, Japan stands out as a compelling anomaly. Its mid-market sector is accelerating, with steady momentum through 2023 and 2024, and expectations of continued strength into 2025. Far from saturated, Japan is just beginning to open its doors to the kind of disciplined, trust-based private equity that global investors crave in a volatile world.

At the center of this transformation is T Capital Partners, a Tokyo-based private equity firm. With over two decades of experience navigating the Japanese market, President Koji Sasaki believes the real story is just beginning. "Selling a business in Japan was once unthinkable," he says. "But today, it is increasingly seen as a rational and even responsible strategy. This cultural shift is irreversible—and it creates enormous long-term opportunity."

Historically, Japanese corporate culture has favored inheritance over sale, and private equity has been viewed with skepticism. Now, as aging owners confront succession challenges, many see private equity as a strategic partner rather than a last resort.

"When we started in 1998, private equity was misunderstood," Sasaki recalls. "Today, business owners rarely reject our proposals. Many even approach us first."

With over four million privately held businesses in Japan—and only about 4,000 listed—Sasaki sees a vast opportunity hiding in plain sight. Most of these firms are founder-led or subsidiaries of larger corporations, often rich in operational value but in need of capital, governance support, or generational transition.

Corporate governance reforms introduced by former prime minister Abe are creating opportunities. Activist investors and new listing requirements are prompting large corporations to rationalize their portfolios, leading to carve-outs, divestitures and even hostile takeovers. Smaller public companies are increasingly initiating those conversations themselves.

T Capital specializes in two deal types: full succession, where the firm acquires 100 percent of a company from an outgoing owner, and majority partnerships, where the founder stays involved. The latter has become increasingly common, driven by the search for trustworthy partners rather than purely high valuations. "It's not just about price," Sasaki says. "In Japan, trust is the premium currency."

T Capital's results reflect its approach. Its investment in robotics firm KEC led to a sale to Hitachi, creating a new vertical for the group, while its carve-out of Bushu Pharmaceuticals from Shionogi opened the company to new clients and untapped demand. "These aren't just transactions—they're transformations," Sasaki says. "We bring in professional leadership, restructure governance, and unlock growth. It's value creation from the inside out."

Since completing a management buyout from Tokio Marine in 2019, T Capital has expanded its investor base beyond the Mitsubishi Group to include domestic banks and institutional investors across Japan. It has also caught the eye of global limited partners, thanks in part to a remarkable stat: the firm has never recorded a realized loss on any investment.

"Independence has given us the flexibility to evolve and the credibility to grow," Sasaki notes. "In Japan, where reputation drives everything, that matters more than size."

T Capital is completing investments from its sixth fund, which includes its first public-to-private deal, marking a significant milestone for Japan's evolving market. Investments focus on stable B2B firms, global carve-outs, and climate-adaptive B2C brands such as World Party, known for its stylish and functional folding umbrellas.

Cross-border growth is becoming a priority. With some domestic sectors contracting, T Capital's portfolio companies are pursuing overseas exits and acquisitions, supported by global financial advisors.

Earlier this year, T Capital strengthened its organization with several strategic personnel moves. Alongside ongoing junior hires, several mid-level professionals were promoted to director roles in recognition of their initiative and strong performance. In addition, veteran Nomura partner and longtime colleague Toshihide Matsuda joined as head of the investment team.

In preparation for the next phase of growth, T Capital has also expanded its investor relations capabilities with the appointments of Rei Takahashi as Principal overseeing IR and Geoffrey Bowman as Principal, specializing in global investor coverage.

Environmental, social, and governance (ESG) principles also play a central role. T Capital was an early signatory to the UN PRI and embeds governance reform into its operating model. "We help improve workplaces, modernize leadership, and support local communities," Sasaki says. "It's not just ethical—it's good business."

Looking ahead, Sasaki remains focused on long-term value over short-term scale. "Our goal is not to be the biggest private equity firm in Japan—but to be the most respected. That's what sustains performance and reputation across decades."

So, what if one of the world's most compelling investment frontiers wasn't in Silicon Valley or London—but hidden in plain sight, across Japan's transforming mid-market economy? According to Koji Sasaki and T Capital, the answer isn't hypothetical. It's already unfolding—and there's still time to get in early.

Koji Sasaki,
President,
T Capital Partners

T Capital Partners

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Why Global Investors Are Turning to TASUKI Holdings as Japan Becomes Asia's Most Attractive Real Estate Destination

With record-breaking financial results, a rapidly expanding SaaS platform, and a nationwide strategy to revitalize housing, TASUKI Holdings is emerging as Japan's next-generation "life platformer"—where real estate, technology, and sustainable growth converge.

TASUKI smart Fudomae (TASUKI)

Renaissance Court Higashi Shinjuku (SHIN-NIHON TATEMONO)

In every market cycle, some companies ride the waves—others engineer the tide. Japan's real estate sector, long known for its stability and tradition, is now undergoing a dramatic transformation as global capital pours in, seeking yield and predictability. At the heart of this surge is TASUKI Holdings, a company that is shaping change. By integrating technology into property development and marketing, and combining asset management with data-driven intelligence, TASUKI Holdings is redefining what it means to be a modern real estate player in Japan.

From Legacy Strength to Tech Agility: TASUKI Holdings' Unique Advantage

Japan has overtaken Australia and Indonesia to become the top destination for cross-border real estate investment in Asia. For TASUKI Holdings, this is the perfect moment to strengthen its identity as a next-generation life platformer. The company represents a new breed of Japanese developers—tech-forward, integrated, and ESG-ready.

Formed from the merger of SHIN-NIHON TATEMONO, a traditional developer with over 50 years of experience, and TASUKI, an IoT-focused Real Estate Tech company, TASUKI Holdings kept the TASUKI name to signal its commitment to innovation. According to President and CEO Yu Kashiwamura, the goal was to blend SHIN-NIHON TATEMONO's financial strength with TASUKI's agility and tech DNA. This combination enables the company to pursue complex projects with speed and confidence.

As the yen has weakened, Japanese assets have become more attractive to international investors. Kashiwamura notes that many entered the market for currency advantages but stayed for the stable rental income and consistently high yields. Attractive returns and low volatility continue to draw global capital, and Kashiwamura believes this momentum will last as long as income stability, disciplined underwriting, and market transparency remain strong.

ZISEDAI LAND

Solid Fundamentals in a Shifting Market

While many developers are challenged by inflation and rising construction costs, TASUKI Holdings delivered its best-ever performance for the fiscal year ending September 2025. Net sales jumped 56.8% year-over-year to ¥74.41 billion, driven by disciplined execution and a diversified business model. Operating profit soared 116.8% to ¥8.81 billion, and ordinary profit rose 119.3%.

Lender confidence is also on the rise. Since the merger, financing partners have multiplied, and borrowing capacity has grown rapidly, underscoring strong governance and balance sheet credibility. Meanwhile, the company's technology arm is scaling fast. Its SaaS platform is now used by 231 companies, generating stable recur-

Yu Kashiwamura,
President and CEO,
TASUKI Holdings Inc.

ring revenue. Together, these factors reflect a hybrid model built for resilience, not just cyclical growth.

Revitalizing a Nation: Tackling Japan's Nine Million Vacant Homes

Japan faces a major housing challenge, with nearly nine million vacant homes nationwide. TASUKI Holdings sees this as a huge opportunity. In June 2025, the company launched a vacant-home revitalization program in the Kanto region, with plans for nationwide expansion. The strategy is simple: identify neglected properties, restore them to safe, liveable condition, and reintroduce them as rentals or for sale.

Kashiwamura explains that bringing dormant housing stock back into circulation supports communities and meets a social need through a commercially viable model. As inbound tourism rebounds and regional airports see more traffic, micro-markets are emerging around transit hubs, creating new residential demand for airline staff, service workers, and returning locals. By targeting these areas, TASUKI Holdings turns an urgent social issue into stable, income-generating properties.

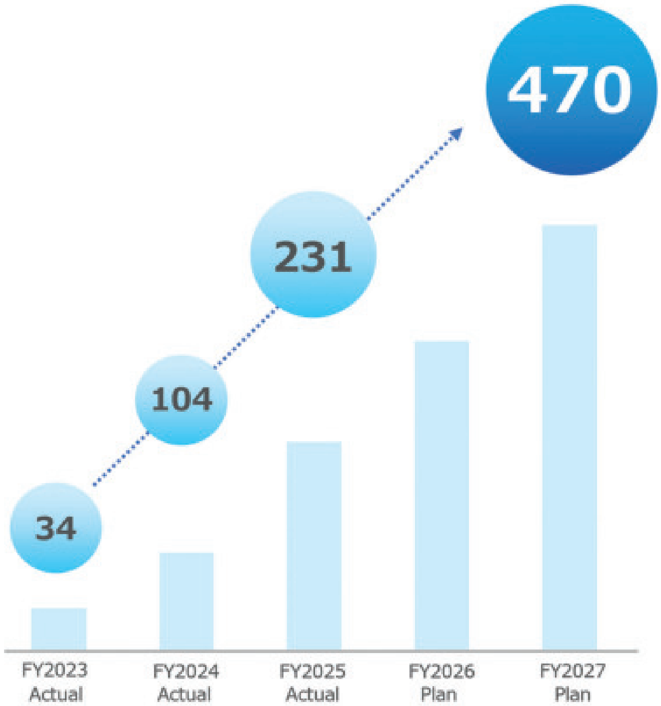
Long-Term Vision

For investors, this means access to a geographically diversified asset class, beyond the conventional development cycles. It also broadens TASUKI Holdings' revenue base and reinforces its identity as a company creating both social and economic value.

Technology as a Competitive Edge: IoT Homes and AI SaaS

In an industry still dominated by analog processes, TASUKI Holdings uses technology as a core competitive advantage. The company was an early mover in IoT-enabled residential development, modernizing the sector, boosting productivity, and enhancing the living experience. Smart-home features make properties more attractive to tenants and help maintain occupancy.

This philosophy also led to the creation of TASUKI Holdings' AI-powered SaaS platform, ZISEDAI LAND. Initially built as an internal tool, it was developed by in-house engineers to meet operational needs. Now used by over 200 companies, the platform is preparing for B2C simulation tools and international rollout across Asia and Europe. For investors, recurring software revenue layered onto an asset-heavy business creates a scalable hybrid model.



Number of companies adopting the ZISEDAI LAND

The 2027 Roadmap

TASUKI Holdings' medium-term plan sets an ambitious course. By FY2027, the company aims to boost EPS to ¥140, driven by a platform-style business model. A key goal is expanding the SaaS ecosystem to over 470 companies, unlocking higher-margin recurring revenue.

Growth will come from organic execution, selective M&A, and targeted CVC investments. The company also plans to move from the TSE Growth Market to the Prime Market as early as 2026, reflecting its commitment to governance, scale, and long-term value creation. The message is clear: TASUKI Holdings is building a diversified, technology-enabled platform designed to compound value well beyond 2027, with a long-term vision "BEYOND2033" aiming for ¥200 billion in Net sales.

TASUKI HOLDINGS

Life Platformer

https://tasuki-holdings.co.jp/en

Digital Transformation Certification

CSA SINGAPORE Cyber Security Agency of Singapore | 10 YEARS OF SECURING OUR CYBERSPACE

SHAPING THE NEXT ERA OF GLOBAL CYBERSECURITY

"Cybersecurity cannot rest on rules alone. It must be built on trust, on shared responsibility, and on outcomes that keep our societies resilient."

With these timely remarks, David Koh, Chief Executive of the Cyber Security Agency of Singapore (CSA), welcomed more than 14,000 global policymakers, industry leaders and cybersecurity experts from over 90 countries to the tenth edition of Singapore International Cyber Week (SICW) from October 20 to 23, 2025.

Strengthening Cybersecurity Cooperation

SICW 2025 underscored a shared conviction: in the face of increasingly sophisticated adversaries and a significant rise in Advanced Persistent Threat attacks, cybersecurity is sustained not by rules alone, but through frank dialogue and cooperation. Against this backdrop, Izumi Nakamitsu, Under-Secretary-General and High Representative for Disarmament Affairs at the United Nations, said in her opening plenary keynote, "We need to invest in confidence-building and cooperation mechanisms that translate words into action."

Information and Communications Technology (ICT) and cybersecurity ministers at the 10th AMCC

The high stakes of strengthening cross-border cybersecurity cooperation were evident across regional and global fronts. Regionally, the 10th ASEAN Ministerial Conference on Cybersecurity (AMCC), held in conjunction with SICW, reaffirmed ASEAN's commitment to reaping the benefits of the digital economy through shared norms and practical capacity-building.

Internationally, the momentum for collective defense carried into high-level panels such as "Multilateral, Multipolar – Cyber Diplomacy in a Digital Age," which brought together small states and big tech to discuss how multilateralism can remain relevant in a borderless cyberspace. Meanwhile, the 5th International Counter Ransomware Initiative (CRI) Summit, hosted outside the United States for the first time, convened nearly 150 representatives from 60 countries, international organizations and private-sector entities to advance joint defenses against ransomware threats.

Building Resilience – From Industry to Individuals

As states deepen cooperation to confront increasingly sophisticated cyber threats, public-private partnerships established at SICW 2025 reflect how global cybersecurity is buoyed by private sector innovation and expertise.

Among the newly forged partnerships are CSA's memorandum of understanding with the App Defense Alliance, led by Google, Meta and Microsoft, to strengthen the mobile app security landscape in Singapore, and a memorandum of cooperation with Amazon Web Services to bolster Singapore's cyber defense through advanced cloud analytics.

11 members of the Global Cybersecurity Labelling Initiative (GCLI), spanning from Germany to South Korea, came together to reinforce their commitment to building a trusted global system of connected Internet of Things devices through harmonized security standards. The initiative aims to make it easier for manufacturers to comply with standards or regulations across markets, and for consumers to make informed choices.

Preparing for Emerging Technologies

Preparing for the technologies of tomorrow was another cornerstone of SICW 2025. In her opening address at the High-Level Panel on Artificial Intelligence (AI), Josephine Teo, Singapore's Minister for Digital Development and Information, highlighted the imperative to collaborate on emerging technologies: "We have a collective interest in maximizing the upsides while minimizing the downsides. By working together with a sense of urgency and purpose, we will learn faster and better our chances of success."

Through high-level panels on quantum and AI, SICW 2025 probed the double-edged risks and opportunities of emerging technologies. At GovWare, the anchor trade event of SICW, more than 300 global exhibitors showcased cutting-edge cybersecurity technologies, while discussing critical issues at complementary sessions on AI in cybersecurity, zero trust strategies and organizational resilience.

"The most immediate threat is the use of generative AI to launch highly scalable, convincing and targeted attacks, including advanced phishing, deepfakes and automated malware," said Sandra Joyce, Vice President of Google Threat Intelligence. "SICW unites public and private sectors to tackle cyber threats as one, especially as AI reshapes the battlefield."

Advancing a Trusted, Rules-Based Future

Across an eventful week, SICW 2025 advanced the idea that cybersecurity begins with shared responsibility, and demonstrated how policy, technology and people intersect to secure a borderless cyberspace.

The urgency of collective action was underscored by Claudia Plattner, President of the German Federal Office for Information Security, who emphasized: "We need to get together now to make sure that we're not facing the same problems in 30 years."

This is not an easy task. In his opening speech, K. Shanmugam, Singapore's Coordinating Minister for National Security and Minister for Home Affairs, acknowledged that "there are always going to be different levels of interest... but there must still be some foundational cooperation, which is the key to a safe [and] secure cyberspace." He added that with trust, countries can exchange information and support each other in times of crisis.

As SICW enters its next decade, Singapore remains committed to uniting governments, technical experts and industry leaders for meaningful conversations and tangible partnerships to shape the next era of global cybersecurity.

A high-level diplomacy panel on the future of international cyber cooperation

In Context

A new way to think about the world

Rare Earths Aren't Rare For Everyone

By Jacob Lorinc

Energy independence was for decades a fantasy in the US, until the advent of a new kind of oil production technology in the early aughts changed the rules of the game. Thanks to fracking and horizontal drilling, the US overtook petroleum heavyweights such as Russia and Saudi Arabia to become the world's top oil producer, no longer at the mercy of mercurial trading partners.

Today, President Donald Trump's White House is chasing a similar dream—this time with rare earth elements, the hard-to-pronounce metals that underpin much of modern technology. But unlike with shale oil and gas, it's extremely unlikely the US is going to be able to innovate its way out of this profound deficit anytime soon.

A family of 17 metallic elements, which help power everything from smartphones and laptops to fighter jets and missiles, rare earths are almost exclusively controlled by China. The nation mines 70% of global supply ▶

ILLUSTRATION BY MATHIEU LARONE

◀ and processes almost 90%, giving it significant economic leverage over the US (and just about everybody else).

The US was, for decades, happy to outsource the rare-earth supply chain to China. After all, extracting and separating the metals is expensive and environmentally hazardous, and it was cheaper to buy the material from abroad. But now policymakers are eager to rewind that decision, especially as Beijing shows it's willing to use the metals as a bargaining chip. In 2025, China unveiled broad new curbs on its exports of critical materials, sending the US and other buyers into a panic. A possible trade truce that President Xi Jinping and Trump clinched in Seoul in late October temporarily eased concerns about China's stronghold on supply, but as of mid-December the two sides hadn't yet hashed out specifics of the deal, including how proposed export licenses will work.

"The world market we all aspired to build over the past decades is falling apart right now, and we're headed back into a regional economic model," says Mark Smith, the chief executive officer of NioCorp Developments Ltd., which has ambitions to build a rare-earth mine in Nebraska. Although NioCorp is in talks with the Trump administration for funding, Smith says, the company hasn't shared a projection for when it might be able to begin commercial production.

High costs and permitting lags have long made building new American mines like the one Smith envisions a huge challenge. In the US, the length of time from the discovery of a mineral deposit to the start of production averages 29 years, the longest in the world after only Zambia. Miners often grumble about how hard it is to attract investors when they can't accurately estimate how long it will take to build projects, which are subject to state and federal approvals, as well as reams of lawsuits from environmental and Nimby opponents. Even if Trump were to fast-track the process—something he's signaled a willingness to do—the simple geological fact remains that many of the heavier rare earths that power a high-tech world, such as dysprosium and terbium, just aren't abundant in American rock. (The US has more of the lighter variety, which are generally more bountiful and less expensive.)


The US's only operating rare-earth mine, in California's Mojave Desert

In fact, just one rare-earth mine operates in the US, and it only recently stopped sending some of its material overseas as it prepares to expand its own processing facility. That US mine, located in California's Mojave Desert, was once a linchpin of Cold War-era America, producing metals like europium that produced the red hues for the first color televisions. It shuttered in the 2000s as mining in the US became too expensive, then reopened shortly after a company called MP Materials Corp. bought it in 2017.

Trump is keen on seeing this project succeed. In July, MP Materials was the recipient of an unprecedented equity investment from the US Department of Defense, which bought a $400 million stake in the company to help a dramatic build-out of its operations. MP Materials is expanding its separation facility adjacent to the mine that turns unprocessed ore into refined product, and it plans to increase its production of rare-earth magnets for electronics, electric vehicles and medical equipment.

Still, MP Materials' operations are small relative to China's. The company was expected to produce 1,000 metric tons of neodymium-iron-boron magnets by the end of 2025—representing less than 1% of what China had produced as recently as 2018, according to the Center for Strategic & International Studies (CSIS). Even if MP scales up to 10 times that level over the next decade, it would still represent just 7% of China's production. And although the minerals the mine churns out, including neodymium and praseodymium, are important for making permanent magnets, the deposit is noticeably short on the heavier metals China continues to dominate. "God just didn't give us those deposits, so we're very reliant on other countries," says Gracelin Baskaran, director of the Critical Minerals Security Program at CSIS, a think tank in Washington.

Other US companies, eager to avoid new mine permitting issues, are trying another tactic to build domestic supply: recovering rare earth metals from existing mine waste. Phoenix Tailings Inc., a company in New England, got investments from BMW AG and Yamaha Motor Co. to pull neodymium, dysprosium and other critical materials from discarded piles of ore, known as tailings, left over at former mining sites across the US. Its new plant in New Hampshire, which opened in October, marks one of the first US attempts to produce rare earth metals at commercial scale without relying on overseas processors. The plant has run

■ PHOTO: MINE: DAVID BECKER/ZUMA PRESS. CHICKEN: COURTESY AHMAD'S FRIED CHICKEN smoothly so far, Phoenix Tailings says, but, similar to MP's magnet-making plant, it produces only a fractional amount of material relative to China.

Then there are the companies trying to innovate their way out of a reliance on rare earths altogether. General Motors Co. and Stellantis NV have invested in a company in Minnesota aiming to commercialize iron-nitride magnets, called Niron Magnetics Inc. The idea for the company came about in 2010, when China abruptly slashed its exports of rare earth metals amid a territorial dispute with Japan. It was the first time China appeared to use its metals supply as a geopolitical weapon. "Prices of rare earths shot up around the world, and that was really the trigger for us," says Niron CEO Jonathan Rowntree. "We realized we needed an alternative."

The road to substitution is bumpy; new technology takes years to certify before it can be used in motors and other industrial components. (Niron plans on opening its first commercial facility in early 2027, according to the company's website.) And even then, any new technologies are still far from scalable. Tesla Inc. said in 2023 that it's aiming to completely eliminate rare-earth magnets when it unveils its next-generation EVs, but more than two years later the minerals are still abundant throughout the company's cars. BMW's electric vehicles are already powered by a specialty motor created without the minerals, but small amounts of rare-earth materials are still used for other components like electric seats and power windows.

A recent flurry of deals suggests the Trump administration is coming to grips with the idea that the US might need help if it really wants to break free of China's grip. The Pentagon said in November that it will help finance a rare-earth processing site in Saudi Arabia, and in October, Trump met with Australia's prime minister to announce a joint $1 billion in funding for mining and processing projects over the next six months. "It's clear we can't go it alone," says Baskaran, from the Critical Minerals Security Program. "The only way to do this is by leaning on our allies." Ⓑ

Malaysia Makes Its Own McDonald's

● By Ram Anand and Kok Leong Chan

It was a Saturday afternoon in summer 2024, and Lailatul Sarahjana Mohd Ismail's children were asking—again—to go to McDonald's. But Lailatul, like scores of other Muslims in Malaysia, was boycotting the fast-food chain and other American brands over US support for Israel. That moral choice, in solidarity with the people of Gaza, didn't override her kids' craving for fried chicken, one of the chain's most popular offerings in the country. As the chorus for crispy drumsticks grew louder, Lailatul temporarily quelled the dissent by frying her own at home. And then she went a step further.

Convinced there were probably thousands, if not millions, of other Malaysians craving the same thing but steering clear of international brands perceived to have a link to Israel or its close ally, the US, she launched her own small-scale competitor to the mega chain. Just over one year in, Ahmad's Fried Chicken—the brand that Lailatul and her husband, Mohd Taufik Khairuddin, originally started out of a food truck—has grown to 35 outlets. By the end of 2026 that number will soar to about 110.

A customer at Ahmad's Fried Chicken

Across the Southeast Asian country of 34 million people, where about two-thirds are Muslims, customers who'd sworn off global restaurant chains in solidarity with Palestine have fueled a boom in local brands. Malaysian cafe chain Zuspresso Sdn., for instance, which had fewer locations in the country than Starbucks Corp. in 2023, doubled its store count last year as Starbucks' shrank; today the chain known as Zus Coffee is the largest coffee purveyor in Malaysia, with more than 700 outlets that sell pumpkin spice lattes as well as concoctions infused with local flavors such as coconut and palm sugar.

Even as the prospects for a peace plan in the Middle East are increasing, the consumer shift to homegrown alternatives appears to have staying power. "The change is permanent," says Adib Zalkapli, founder of Viewfinder Global Affairs, a geopolitical consulting firm that tracks trends across Southeast Asia. "Politics or specifically events in Palestine definitely are a major factor driving consumers to alternative brands. Palestine is the most important foreign policy issue in Malaysian politics."

The third-richest country in Southeast Asia, Malaysia has become a hotbed for pro-Palestinian sentiment in recent years. Prime Minister Anwar Ibrahim's vocal support of Hamas—designated a terrorist organization by the US and the European Union—has endeared him to Muslim voters who view support for Palestinians as a religious duty. Rallies supporting the Palestinian cause draw thousands, while "Save Gaza" bumper stickers are a common sight on the road. The country doesn't have diplomatic relations with Israel.

Opposition to McDonald's boiled over in the early days of the Israel-Hamas conflict as photos of franchised stores in Israel giving soldiers meals circulated on social media. McDonald's Malaysia, a franchised operation owned by Saudi Arabia's Lionhorn Pte Ltd., was quick to distance itself from the actions of McDonald's Israel. "A unilateral decision made by an individual franchisee should not be considered a global action," an October 2023 statement from McDonald's Malaysia read. Still, local pushback continued ▶

◀ at many of the chain's 370 domestic locations, including vandalism of signs, billboards and restaurants. McDonald's Malaysia, which hasn't disclosed the financial impact on its operations, didn't reply to a request for comment. In the third quarter, comparable sales in McDonald's Corp.'s international developmental licensed markets segment, which includes Malaysia, grew 4.7%.

Malaysia is by no means a make-or-break market for major global brands. (The size of the food-service industry in the country will almost double, to $27.5 billion, by 2030, estimates research company Mordor Intelligence; in the US, by comparison, it will surpass $1.5 trillion.) But the loss of its customers still has commercial implications, especially since Malaysia isn't the only country rethinking its relationship with global consumer brands. Coca-Cola Icecek AS, which bottles and sells Coke products in the Middle East, reported this summer a loss of market share in Turkey and Pakistan following calls to boycott Western companies with perceived links to Israel. In Indonesia, which has the world's largest Muslim population, KFC's franchise operator PT Fast Food Indonesia has closed dozens of outlets over the past two years as buyers forgo its fried chicken. The list goes on. And once customers make the shift to local brands, many say they aren't going back.

Malaysia's Zus Coffee, which expanded to the Philippines in late 2023, has since launched storefronts in Thailand, Singapore and Brunei as it realizes everyone, not just Malaysians, want localization and tailor-made products. In the Philippines, for example, it's building allegiance by selling coffee drinks flavored with ube, or purple yam. "This growing confidence in local brands is something we strive to sustain," says Zus Chief Operating Officer Venon Tian.

Of course, not every brand that thrived during the boycott period will survive. "Expansion may slow down from resource constraints," says Azizul Amiludin, a senior nonresident fellow at the Malaysian Institute of Economic Research. And while consumers may be gravitating toward local names now, "legacy brands have their heritage and their strength," says Sydney Lawrance Quays, chief executive officer of Berjaya Food Bhd., the operator of Starbucks in Malaysia. Despite the boycotts, store closures and steep losses triggered by the Gaza conflict, the company still "believes strongly in the Starbucks brand," Quays says, adding that business is gradually recovering.

For now, though, domestic brands like Ahmad's Fried Chicken are riding high. The restaurant chain founded by Lailatul and her husband, both 34, brings in about 3 million ringgit ($730,000) in sales per month, an excellent return on the 700,000 ringgit they initially invested to build the first physical storefront in December 2024.

In Shah Alam—a manufacturing hub in Selangor, Malaysia's most developed state—the bright red exterior and sleek layout of a recently opened Ahmad's could easily be mistaken for any one of the international fast-food chains. Inside, Faisal Mohamad and his wife settle at a table with fried chicken, fries and soft drinks for lunch. When it comes to international fast-food brands, "I don't think I'll go back. The local ones are just as good," says Faisal, 41, also a frequent consumer of coffee from Zus. "This has everything the other restaurants offer, minus the political issues." Ⓑ *—With Netty Ismail and Redd Brown*

Banned Pesticides Live On in Nigeria

● **By Abdulwaheed Sofiullahi**

For generations, Abdullahi Yusuf's family has grown corn, millet and vegetables on a patch of arid land in the dusty hills of northwest Nigeria. He feeds his family with the produce and sells what he can in local markets, making a bit more than $200 a month. These days, though, he wonders whether it's all been a tragic mistake. His 12-year-old daughter died in 2024 of leukemia—which he attributes to the pesticides and herbicides he applies to battle locusts, weevils and weeds. "She just ate the food I grew," the 45-year-old says quietly, running his fingers through the powdery soil. "I was feeding her poison without knowing."

Like many farmers across Nigeria, Yusuf depends on cheap chemicals—most of them imported—to protect his crops. Local physicians told him his daughter's illness could probably be blamed on the pesticides and herbicides, citing a pattern of similar ailments across rural Nigeria. Yusuf has considered going organic, but "for small farmers like us, it feels too expensive and complicated." Now, each time he straps on his backpack sprayer, he says, "it feels like I'm holding a knife to my throat."

Dozens of chemicals that are banned in the European Union for their suspected links to cancer and neurological diseases are widely available across Africa—and made by European manufacturers. The region imported 438,000 tons of pesticides and herbicides in 2020, two-thirds more than in 2018. More than half of such chemicals used in Nigeria are considered highly hazardous, and at least 40% of those can't be sold in Europe, according to the nonprofit Alliance for Action on Pesticides in Nigeria.

Those include mancozeb, produced by Bayer and UPL; Bayer's imidacloprid; and atrazine and paraquat from various manufacturers—all banned in the EU. In Nigeria alone, at least 450 deaths from 2008 to 2022 can be attributed to pesticides and herbicides, according to the AAPN. "There's substantial scientific proof of links between certain chemicals banned by the European Union and the development of health conditions such as cancer and neurological disorders," says Muhammad Kabir Musa, a public-health scientist at the University of Michigan. Bayer AG says it follows regulatory guidelines in the markets where it sells and that it provides safe-handling courses to millions of farmers worldwide. UPL Ltd. didn't respond to requests for comment.

African farmers do need fertilizers, pesticides and herbicides, so officials must find a way to protect crops without

Yusuf spraying his crops

■ PHOTOGRAPH BY MOHA SHEIKH FOR BLOOMBERG BUSINESSWEEK

sacrificing public health, says Ushakuma Anemga, vice president of the Nigerian Medical Association. To cut pesticide-related illnesses without harming food production, Anemga suggests educating farmers, distributors and local communities on safe use, suggesting practices like applying chemicals in moderation and wearing protective gear when doing so. And he wants the state to strengthen enforcement of bans on certain chemicals and step up the fight against counterfeit versions. "A lot of people in rural areas have had health issues due to pesticide use," he says. "The government needs to organize community awareness for farmers to save their lives."

Nigeria's failure to control the flow of dangerous pesticides stems from weak governance and outdated laws, critics say. The problem has been compounded by the abrupt shutdown of a government database with details on pesticide usage, import volumes, manufacturers and more, purportedly because of technical issues. And while the government planned to ban paraquat from Jan. 1, 2024, and atrazine starting last year, they're still available, and activists fret that won't change, either because of an official delay or lax enforcement.

CropLife Nigeria, a lobbying group representing Bayer, BASF, Syngenta and other big pesticide makers, has secured a seat on a proposed government pesticide council intended to oversee usage. That raises the risk that the foreign giants could shape policy regarding their own products, says Edem Eniang, a professor of biology at the University of Uyo, who fears CropLife will lobby for lenient laws and downplay the toxicity of pesticides. "No one is taking actual responsibility," Eniang says. "Companies that can't sell their poisons in Europe are flooding our markets with them."

CropLife counters that it's doing everything possible to promote responsible pesticide management and insists that it trains farmers and distributors on how to use chemicals in accordance with international standards. The group says it's working with the government to ensure proper enforcement of pesticide laws and identify counterfeit or unregistered products.

The AAPN, which includes more than 80 civil society organizations, is pushing for increased regulation of agrochemicals. But since the shutdown of the database, Nigeria lacks any comprehensive list of restricted products, says Donald Ikenna Ofoegbu, the group's coordinator. "What we have are scattered government documents that don't capture manufacturers, brokers or trading volumes," he says. "The goal is to expose and stop the import and sale of highly hazardous and banned pesticides."

He says two measures being considered by parliament—one creating the proposed pesticide council and the other giving manufacturers a greater voice in the regulatory process—would loosen pesticide restrictions rather than tighten them. In response, the AAPN is drafting alternative legislation it says would boost transparency and accountability by strengthening existing regulatory agencies and setting a firm schedule for phasing out hazardous pesticides. "Nigeria must reclaim control of its food system," he says. "This isn't about feeding people—it's about profit." Ⓑ

A Golden Dome Won't Be Cheap

● By Sana Pashankar, Becca Wasser, Kyle Kim and Steph Davidson

Just days into his second term, President Donald Trump signed an executive order attempting to do what no other commander in chief has done: build a system for the US to "deter–and defend its citizens and critical infrastructure against–any foreign aerial attack on the Homeland."

The initiative is intended to create layers of defense systems from the ground to space that will stop incoming missiles launched from anywhere in the world. What the so-called Golden Dome will look like, who will make it and how much it will cost have still not been made public. The White House declined to comment on the record.

Bloomberg calculated the cost of a system that would comply with the executive order's directive of protecting the US against an all-out aerial attack–a worst-case scenario involving the combined arsenals of Russia, China and North Korea–at about $1.1 trillion, more than 500% higher than Trump's estimate of $175 billion.

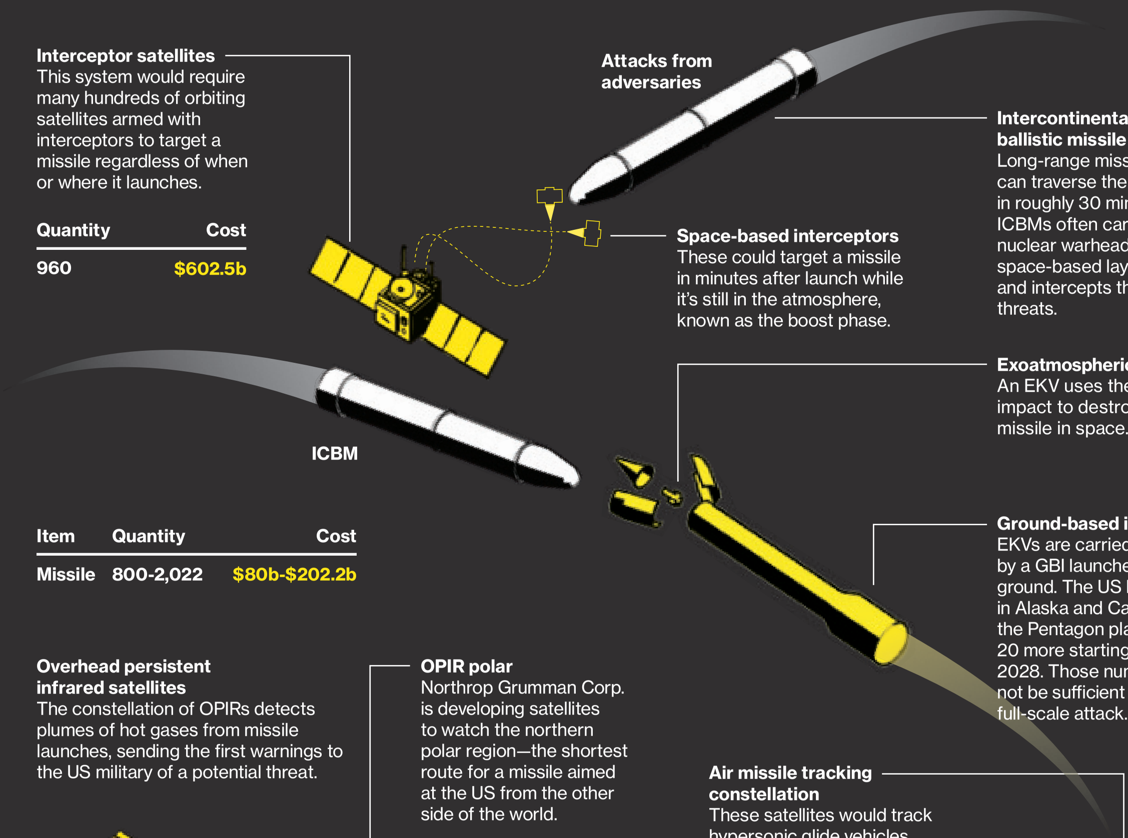
ATTACK ASSUMPTIONS

Threat	Quantity
Intercontinental ballistic missiles	700
Other ballistic missiles	510
Boosted hypersonic weapons	800
Cruise missiles	1,500
Drones	10,000

SPACE-BASED DEFENSE

Interceptor satellites
This system would require many hundreds of orbiting satellites armed with interceptors to target a missile regardless of when or where it launches.

Quantity	Cost
960	$602.5b



Space-based interceptors
These could target a missile in minutes after launch while it's still in the atmosphere, known as the boost phase.

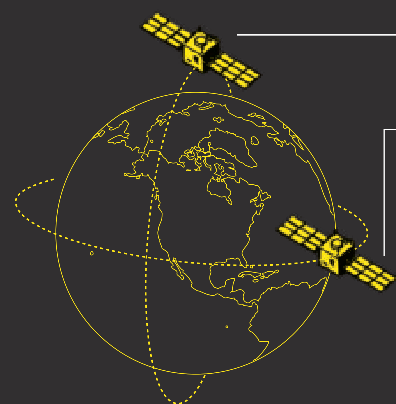
Intercontinental ballistic missile
Long-range missiles that can traverse the planet in roughly 30 minutes, ICBMs often carry nuclear warheads. The space-based layer tracks and intercepts these threats.

Exoatmospheric kill vehicle
An EKV uses the force of impact to destroy a ballistic missile in space.

Item	Quantity	Cost
Missile	800-2,022	$80b-$202.2b

Ground-based interceptor
EKVs are carried into space by a GBI launched from the ground. The US has 44 GBIs in Alaska and California, and the Pentagon plans to add 20 more starting around 2028. Those numbers would not be sufficient to handle a full-scale attack.

Overhead persistent infrared satellites
The constellation of OPIRs detects plumes of hot gases from missile launches, sending the first warnings to the US military of a potential threat.



OPIR polar
Northrop Grumman Corp. is developing satellites to watch the northern polar region—the shortest route for a missile aimed at the US from the other side of the world.

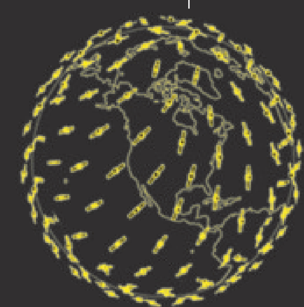
Quantity	Cost
5	$10b

OPIR geosynchronous
Lockheed Martin Corp. is developing satellites to track launches from geostationary orbit—about 22,000 miles above the Earth's surface.

Quantity	Cost
5	$12.5b

Air missile tracking constellation
These satellites would track hypersonic glide vehicles, aeroballistic missiles, cruise missiles and other threats flying through the atmosphere.

Quantity	Cost
1	$10.2b



■ SOURCES AND METHODOLOGY: TO DETERMINE COSTS, *BLOOMBERG BUSINESSWEEK* PRIMARILY USED DEPARTMENT OF DEFENSE BUDGET DOCUMENTS AND OTHER PENTAGON DOCUMENTS. WHEN HISTORICAL COST DATA WAS USED, IT WAS CONVERTED INTO 2025 DOLLARS. FOR THE COST OF TECHNOLOGY THAT HAS NOT YET BEEN DEVELOPED, *BUSINESSWEEK* DREW ON THE REPORT *BUILD YOUR OWN GOLDEN DOME: A FRAMEWORK FOR UNDERSTANDING COSTS, CHOICES, AND TRADEOFFS*. FOR THE COST OF DEFENSE SYSTEMS THAT EXIST BUT DO NOT APPEAR IN PENTAGON BUDGET DOCUMENTS, *BUSINESSWEEK* RELIED ON UNIT COSTS ESTIMATED BY THINK TANKS INCLUDING THE AMERICAN ENTERPRISE INSTITUTE, THE CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES AND THE CENTER FOR A NEW AMERICAN SECURITY. READ THE FULL METHODOLOGY ONLINE AT: BLOOMBERG.COM/GRAPHICS/2025-GOLDEN-DOME/

UPPER ATMOSPHERE

Item	Quantity	Cost
F-15	60-120	$3.5b-$7.1b
F-16	60-120	$2.2b-$4.5b
APKWS rocket	1,000-2,000	$25m-$50m
AMRAAM missile	150-300	$157m-$314m
AIM-9X missile	150-300	$95m-$189m

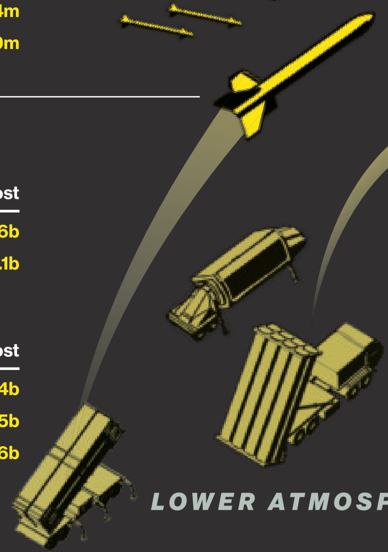
Fighter jets
F-15 and F-16 fighters could be used to shoot down missiles and drones.

E-2D Hawkeye
An aircraft that provides 360-degree radar coverage from the air.

Quantity	Cost
25	$9.4b

KC-135 refueling tankers
To continually monitor the skies, US aircraft would need to refuel without landing. Airborne tankers can keep those jets flying.

Quantity	Cost
60-120	$4.7b-$9.4b



Patriot interceptor and battery
A system designed to intercept aircraft, cruise missiles and shorter-range ballistic missiles.

Item	Quantity	Cost
Patriot battery	20-40	$8b-$16b
Patriot interceptor	1,920-3,840	$8b-$16.1b

Hypersonic glide vehicle

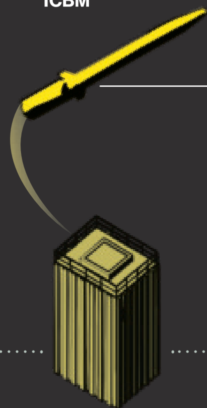
ICBM

Cruise missile

THAAD interceptor and battery
A system capable of destroying short- to medium-range ballistic missiles.

AN/TPY-2
A radar specializing in high-altitude threats that can be used with THAAD and other air-defense systems.

Item	Quantity	Cost
THAAD battery	20-40	$7b-$14b
THAAD interceptor	960-1,960	$12.3b-$24.5b
AN/TPY-2	15-30	$7.3b-$14.6b

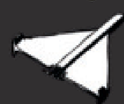


SM-3 block IIA missile and Aegis Ashore
This ground-based system can engage intermediate-range ballistic missiles, primarily using SM-3 block IIA interceptors.

Item	Quantity	Cost
Aegis Ashore	15-30	$12b-$24b
SM-3 missile	1,440-2,880	$41.3b-$82.7b

LOWER ATMOSPHERE

Quadcopter drone
These drones can hover over a target to conduct reconnaissance and make precise strikes.



Geran drone
A Russian variant of an Iranian drone, it has frequently been used to attack Ukraine.

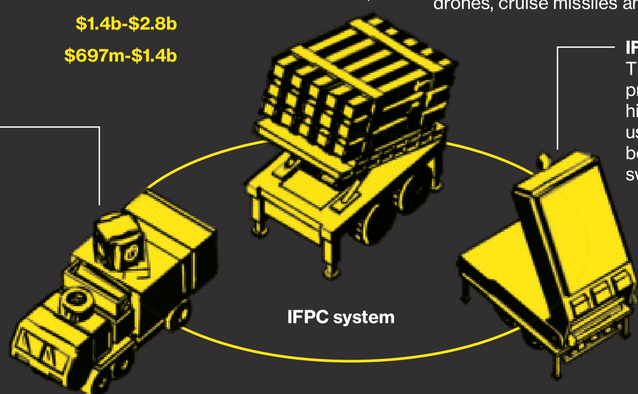
Lancet drone
A low-cost Russian-made drone that can conduct surveillance and attack targets.

Item	Quantity	Cost
IFPC Inc 2-I	50-100	$636m-$1.3b
AIM-9X missile	2,000-4,000	$1.5b-$3b
IFPC-HEL	25-50	$1.4b-$2.8b
IFPC-HPM	40-80	$697m-$1.4b

IFPC HEL
The US Army's indirect fire protection capability high-energy laser uses a high-powered laser to zap lower-altitude threats such as drones and rocket artillery.

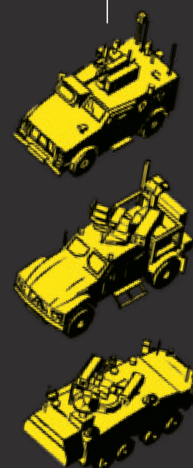
IFPC increment 2
The indirect fire protection capability increment 2 is a mobile rocket launcher that can intercept short- and mid-range threats, including drones, cruise missiles and rockets.

IFPC HPM
The integrated fires protection capability high-power microwave uses focused microwave beams to disable drone swarms.



IFPC system

Item	Quantity	Cost
MADIS	160-320	$2.9b-$5.8b
DE M-SHORAD	130-260	$4.7b-$9.4b
M-LIDS	100-200	$262m-$523m
Coyote interceptor	8,000-16,000	$1b-$2b



MADIS
The Marine air defense integrated system is a short-range defense unit that uses electronic warfare, cannons and missiles to shoot down low-altitude threats.

M-LIDS
The mobile low, slow, small unmanned aircraft integrated defeat system destroys drones by jamming them or taking control.

DE M-SHORAD
The directed-energy maneuver short-range air defense, a vehicle-mounted laser, can shoot down drones, helicopters and other low-flying aircraft.

By Brad Stone and Patrick Gillespie

PHOTOGRAPH BY SARAH PABST FOR BLOOMBERG BUSINESSWEEK

Marcos Galperin turned MercadoLibre into Latin America's biggest online store. Now Argentina's richest man is stepping back on his own terms

Marcos Galperin isn't letting his vast fortune limit his freedom. The 54-year-old co-founder of MercadoLibre Inc., the most valuable company in Latin America, is walking with two reporters around the bucolic neighborhood where he lives in Montevideo, Uruguay. He's worth about $10 billion, according to the Bloomberg Billionaires Index, but there are no bodyguards in sight. No one stops him in the street or even appears to recognize him.

Working up a sweat on a typically humid spring morning, Galperin points out the nearby tennis club where he takes lessons, the clay courts visible from the sidewalk; the farmers market he visits to buy fruit and vegetables, where the merchants once took only cash but now take Mercado Pago, his ubiquitous digital payments app; and a few blocks away, the pristine beach overlooking the Río de la Plata, where he walks and jogs. What the Buenos Aires-born Galperin really appreciates about his adopted country, he says, is the privacy. "In Argentina, they're asking for pictures, this and that. Uruguay is a paradise for me," he says, adding that he drives himself around town. Montevideo is a half-hour flight from Buenos Aires, and his neighborhood "is like a small Palo Alto. I can live freely here."

There's another reason Galperin is feeling unburdened these days. At the end of 2025, he formally relinquished the title of chief executive officer at MercadoLibre and became its executive chairman, passing the torch to deputy Ariel Szarfsztejn. Reflecting on other founders who either stayed around for too long, got swept out after poor results or caved to public scandal, Galperin convinced himself the time was right. "Real power is choosing when to step away," he says.

Galperin is a homegrown technology icon. After studying at Penn's Wharton School as an undergraduate and attending Stanford University in Palo Alto, California, he returned to Argentina in 1999 and founded MercadoLibre as a clone of auction site eBay—which was one of his early investors. Then he outmaneuvered a raft of local rivals to turn it into Latin America's preeminent online shopping hub. He introduced Mercado Pago, a PayPal-like tool to help buyers and sellers securely transact on the platform, then transformed it into a standalone app, allowing more than 70 million people to make payments at physical stores, manage their money and buy on credit.

Galperin has reason to feel good about his legacy. With a market capitalization of $105 billion, MercadoLibre is an e-commerce and financial tech giant. Its operations stretch from the rainforests of Brazil to snowcapped peaks in Patagonia and span 18 countries, each with its own currency, regulations, taxes and economic problems. Head count has surpassed 100,000 employees, up tenfold since before the Covid-19 pandemic. Mercado Pago is now pursuing its own banking licenses in Argentina and beyond to become part of the financial system it's long competed against.

Sitting by the pool in the quiet backyard patio of his French-country-style home, Galperin says the decision to resign as CEO was not an easy one. He deliberated and even wept over it. But he wanted to do it while the company was doing well, and not just when the timing was right for him personally. MercadoLibre recently notched its 27th straight quarter of 30% or higher revenue growth. "I wanted to control the process," he says.

Despite the company's years of strong performance, Galperin's successor will face growing competition from abroad. Amazon.com Inc. recently announced a partnership with Brazilian fintech Nu Holdings Ltd. to offer payment options and loans to its customers. MercadoLibre's stock dropped 8% on the day the deal was announced. Galperin claims "we're a much better company" than in the past, because of the rivalry, noting it inspired him to develop a network of more than 30 fulfillment centers across the region to ensure speedier deliveries. Then there's Temu and Shein, the Chinese e-commerce upstarts that allow customers to buy cheap items straight from Asian factories, often without having to pay import duties. Galperin won't say whether he's trying to persuade local leaders, including Argentine President Javier Milei, to crack down on duty-free Chinese imports. "You could argue it's unfair for the large retailer who is reporting and paying tax," he says.

When asked how his wife, Karina, and three grown kids feel about his semiretirement, Galperin pauses and says, "That's maybe the toughest question you've asked. They are curious about how it's going to work out." That's probably because Galperin is not one to easily cede control—and the list is long of founders who relinquished responsibility only to storm back later (see Howard Schultz, Larry Page, Michael Dell). He's also confident Szarfsztejn will take direction from him: "We interact really well together, so whatever I think is important, he will listen to me and act accordingly."

Galperin vows to remain focused on MercadoLibre for at least the next five years. One area of interest is artificial intelligence. He envisions an AI adviser that one day helps Mercado Pago users pay their bills and then automatically allocates extra income to investment funds aligned with their age and risk appetite.

Galperin has also recently become more politically active. Last year he hosted Milei at MercadoLibre's office in Buenos Aires, and he supports Milei's free-market reforms. He hopes Milei can deliver on his labor, pension and tax reforms now up for debate in Argentina's Congress. He calls the Trump administration's $20 billion backstop for Milei, along with a framework for a free-trade agreement, "very positive." He's also become more active on X, advocating for cryptocurrencies and policy reforms while bluntly criticizing what he views as wokeism, biased journalism and loose immigration policies, particularly from Islamic countries.

"I think a lot of people in the West don't seem to like western civilization," Galperin says. "Meritocracy is the way to run a business and to run a country."

Galperin, the richest person in Argentina, almost sounds like he's contemplating a run for political office. He won't entirely rule it out: "I've learned to avoid certain words like 'never' or 'always.'" He also claims his pugnacious support of economic liberalism is nothing new. After all, 26 years ago, as a brand-new entrepreneur, he named his company MercadoLibre, or "free market" in Spanish. "It's always been quite clear what our ideology is," he says.

SOAKING UP THE AI HYPE

Larry Ellison has Oracle right at the center of another epic tech boom. But if the bubble bursts he and his investors could take a serious bath

BY BRODY FORD AND DRAKE BENNETT
PHOTO ILLUSTRATION BY DANIELLE DEL PLATO

The biggest cloud-computing deal in history had the humblest of origins: an unsolicited direct message over LinkedIn. It was sent in spring 2024 from an executive at OpenAI to sales leaders at Oracle Corp. Like most LinkedIn inquiries, it was a bit of a flyer.

OpenAI was scrambling for computing power, as it has been more or less constantly since its artificial intelligence tool ChatGPT burst onto the scene in 2022. It had been busy signing huge deals to rent data center space, buying the specialized AI processors known as graphics processing units, or GPUs, and trying to develop its own chips. Nothing could satsify its insatiable hunger for processing power. OpenAI, in short, was desperate.

Happily for OpenAI, Oracle had already been sketching plans for a massive data center in West Texas. The original vision had been to partner with Elon Musk's xAI—the buildings would even be X-shaped, to match the company name, say people familiar with the negotiations, who asked to remain anonymous discussing them because they were private. Musk is close with Larry Ellison, Oracle's co-founder and chairman, who was on Tesla Inc.'s board for years and has hosted Musk on Lanai, the island in Hawaii he largely owns. Despite that bond, the mercurial Musk decided he could build something faster on his own and walked away from the project. It was right around then that the fateful LinkedIn message came in.

ELLISON IN 1996

The message, from OpenAI's infrastructure chief Peter Hoeschele, got the two companies talking, according to public comments Hoeschele made in October. Months later, on Donald Trump's second day back in office, leaders of Oracle, OpenAI and the Japanese investment company SoftBank Group joined the president at the White House. Together they unveiled a plan to build AI data centers across the country. The project, which OpenAI Chief Executive Officer Sam Altman and Trump claimed would create hundreds of thousands of jobs, was grandly named Stargate. "So put that name down in your books," Trump said, "because I think you're going to hear a lot about it in the future."

Then Trump invited Ellison, who's a friend, to the presidential lectern. "Thank you, Mr. President, we certainly couldn't do this without you," Ellison said. "AI holds incredible promise for all of us, for every American." Ellison was uncharacteristically brief, but he described the project in terms that would appeal to the freshly reinaugurated real estate developer standing next to him. "The data centers are actually under construction," he said. "Each building's a half a million square feet."

There are signs the 81-year-old Ellison—long known for yacht racing, flying his own jets and other play-hard billionaire hobbies—has finally begun to settle into a more domestic existence. He spends much of his time with his sixth wife, Jolin, and their young children. (Ellison also has two adult children, David, the chairman and CEO of Paramount Global, and Megan, a prominent film producer.)

He's still looking to add new chapters to his professional life too. Oracle plans to take a stake in TikTok as part of Trump's deal to keep the social media company running in the US—provided the governments of the US and China can agree on the details. David Ellison was shooting to become the world's most powerful media mogul by having Paramount, the parent company of CBS and MTV, buy Warner Bros. Discovery Inc. When Warner Bros. instead reached a deal with Netflix Inc., Paramount initiated a hostile takeover bid. Like many of the family's recent moves, Ellison's close ties to the president are likely to be relevant, given that either Netflix or Paramount will need regulatory approval to complete the deal.

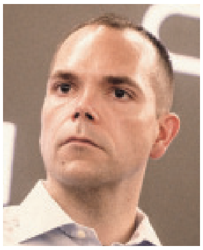
Behind the pomp, Stargate is simply a very big cloud-computing contract—Oracle would agree to build multiple data centers full of GPUs to train and run OpenAI's AI tools. But the deal was also far larger than what Ellison and Musk had been discussing only a few months before. OpenAI has committed to spending about $300 billion to rent servers from Oracle. The two companies have discussed further expansion of this deal, say people familiar with the matter.

To provide this processing power, Oracle will have to build about five data center complexes, each of which will be among the largest in the world. All told, they'll require millions of chips and consume 4.5 gigawatts of power—more than all the homes in Chicago. Oracle is also helping develop data center capacity for OpenAI in the United Arab Emirates. Despite its limited experience building physical infrastructure, Oracle is aiming to get the sites online years ahead of a typical industry schedule. Some of these plans are already missing their targets: According to people close to the work, the initial 2027 completion date for some of the US data centers has slipped to 2028, largely because of labor and material shortages.

An Oracle spokesperson said in a statement that the company remained confident in its ability to meet its obligations and future expansion plans. "There have been no delays to any sites required to meet our contractual commitments, and all milestones remain on track," the spokesperson said, also noting that "site selection and delivery timelines were established in close coordination with OpenAI." OpenAI declined to comment.

This enormous undertaking is all on behalf of a startup, OpenAI, that's losing billions of dollars a year and whose software products have yet to prove they can generate anywhere near the returns necessary to justify this extraordinary investment. Before ChatGPT, such a deal might have appeared

■ PREVIOUS SPREAD: ALAMY (1); GETTY IMAGES (1). THIS SPREAD: ELLISON: WILLIAM STEVENS/GAMMA-RAPHO/GETTY IMAGES. MAGOUYRK: KYLE GRILLOT/BLOOMBERG
■ *EARNINGS ARE BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION. PEER COMPARISON IS ANNUAL AS OF LAST AVAILABLE FINANCIAL QUARTER; DATA: COMPILED BY BLOOMBERG



MAGOUYRK

reckless. But at a time when markets had seemingly decided there was no such thing as too much AI, Wall Street found it intoxicating. Oracle's shares shot up when the scale of the new cloud bookings became clear in early September, adding about $250 billion to its market value and making it worth more than Exxon Mobil Corp. Ellison, who owns 40% of Oracle, saw his net worth climb above Musk's—for a few hours at least, Ellison was, according to the Bloomberg Billionaires Index, the wealthiest person on Earth.

However transformative AI ends up being for everyday life, it's already altered the tech pecking order, giving rise to newcomers such as OpenAI and turning niche players like Nvidia Corp. into dominant ones. And then there's Oracle, a half-century-old database and software company that's managed to hang around for decades despite missing out on investment cycles such as web search, mobile computing and the cloud. It's determined not to repeat that with AI: In addition to OpenAI, Oracle has scored major deals with Meta Platforms Inc. and Nvidia. The company has said its infrastructure revenue will eventually surpass the rest of what it makes. In September it reconfigured its workforce around AI, promoting its 39-year-old cloud infrastructure chief, Clay Magouyrk, to co-chief executive officer.

So far, the economic impact of AI remains uncertain, once you set aside the hundreds of billions of dollars being spent on data centers. Warnings of a bubble abound. Oracle could be particularly vulnerable—no tech giant has gone in on AI quite the way it has. As a result of its recent deals, the company's free cash flow has gone negative for the first time since 1992. For Oracle to one day turn a profit on Stargate, its partner OpenAI will have to keep up the startling growth it has experienced over the past few years. Oracle's longtime nemesis, Microsoft Corp., doing its own math, balked when OpenAI offered it a similar deal.

To tell the story of Oracle's bet, *Bloomberg Businessweek* spoke to dozens of employees and leaders, in most cases anonymously to allow for candid conversation about a famously litigious company with little demonstrable interest in talking to the press. In a sense, the debate over AI focuses on questions like those that have periodically swirled around Oracle—about overpromising and obfuscation and conflicts of interest. Ellison himself has been the personification of a certain kind of Silicon Valley audacity since he founded the company almost a decade before OpenAI's Altman was born.

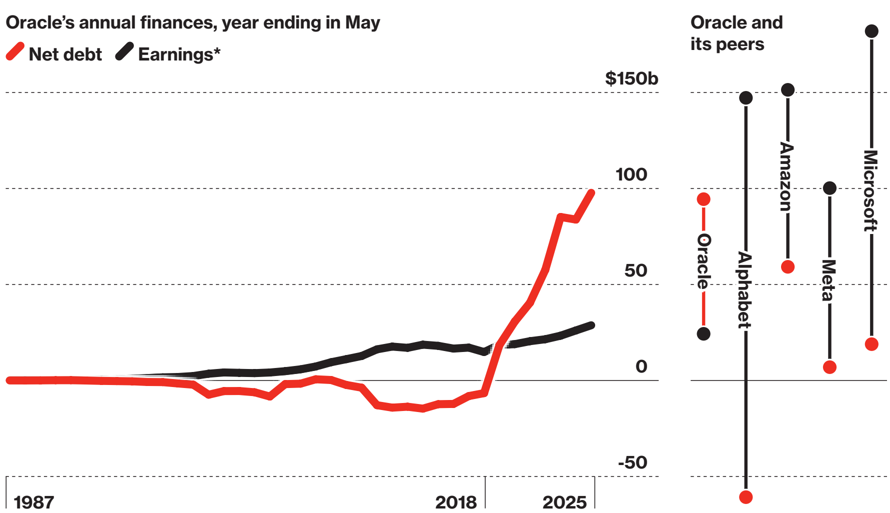
If Oracle's market cap has become a barometer on AI sentiment, it has more recently shown how quickly the atmosphere has changed. Oracle's share price had dropped by a third from its September peak by the time it reported quarterly earnings on the afternoon of Dec. 10. After that report revealed that expenses were growing far faster than analysts had expected, and would keep doing so, its shares fell further. AI-skeptical traders had already started buying Oracle credit-default swaps, a form of insurance that pays off if a company can't fulfill its debts—perhaps best known as the instrument that, in 2007 and 2008, dissenters on Wall Street used to bet against the housing bubble. In the wake of the Dec. 10 earnings announcement, the price of those swaps shot up. A few months ago, Oracle highlighted investors' belief in AI. Now it illustrates their fear.

Ellison, Bob Miner and Ed Oates founded Oracle in Santa Clara, California, in 1977. It was a bygone era, before mobile phones or even personal computing, a quaint time when tech entrepreneurs were resigned to the constraints of normal human lifespans. Trying to figure out exactly what their new company should do, the three settled on commercializing a radically new technology: searchable, general-purpose databases. Oracle's database software was written to run on room-filling mainframes or armoire-size "minicomputers" in corporate offices. The young company's first customer was, famously, the CIA.

Applications and devices come and go. But once a company picks a database software, it rarely switches—doing so is complicated and disruptive and involves the terrifying possibility of losing your data. Over time, Oracle built more applications in-house and acquired others. A client could use Oracle to track revenue, restock parts, onboard employees, manage relationships with customers and assemble its quarterly reports. By the 1990s, Oracle software was ubiquitous in corporate America.

Along the way, Ellison and his company gained a reputation for sharp elbows and ethical flexibility. Especially in Oracle's go-go early years, its promotional materials routinely touted capabilities its software did not, in fact, possess. Its first commercial product was dubbed Oracle 2, suggesting it was something other than what it actually was: a buggy first attempt ▶

ORACLE'S REVERSAL



◀ at something viable. There's a quote in a 1997 biography—the cheekily-titled *The Difference Between God and Larry Ellison: God Doesn't Think He's Larry Ellison*—that has followed the Oracle co-founder around ever since. According to one of the company's earliest employees, Ellison used to say, "I cannot run this business and tell the truth to the customers. It's not possible."

Salespeople at Oracle were notoriously aggressive, as were its accountants. In the early 1990s the company got in legal and financial trouble for regularly counting sales when an initial deal was struck, not when a customer received and paid for the software. Since some deals inevitably fall through, this led to vastly overstated earnings, the Securities and Exchange Commission alleged. Oracle had to revise several quarterly earnings statements, and its stock lost three-fourths of its value. Some government accounting rules in place today stem from this episode. Incumbency has softened Oracle's culture a little, but to this day an entry-level job there is seen as an education in the dark arts of high-pressure software sales.

Oracle's corporate style also reflects Ellison's notorious personal combativeness. During the landmark federal antitrust trial of Microsoft in 2000, Oracle paid investigators to go through the trash of advocacy groups to try to prove they were funded by Microsoft, even though Oracle had no formal involvement in the trial. Ellison saw Microsoft as a software industry rival—and Bill Gates as a rival in the more nebulous competition of tech celebrity. When the dumpster diving came to light, Ellison defended it as a "public service."

In 2010, months after acquiring Sun Microsystems and its Java programming language, Oracle sued Google for using Java in its Android operating system without a license. The two fought the case for 11 years before the US Supreme Court ruled in Google's favor. As that battle raged, Oracle lobbied regulators and law enforcement agencies around the world to pursue antitrust suits against Google—something many of them went on to do.

Ellison is "far and away the most competitive person I've ever met," says Craig Conway, a former Oracle executive who reported to him in the 1990s. Conway found himself in his old boss's crosshairs in the early 2000s as CEO of PeopleSoft, an application company that was the target of a protracted, bitter and ultimately successful hostile takeover by Oracle.

Ellison has also shown a willingness to mix his personal interests with those of his company. The health resorts he owns on Lanai use top-of-the-line Oracle business software more associated with large enterprises. Oracle sponsors his yacht sailing

CONSTRUCTION AT A STARGATE DATA CENTER IN ABILENE, TEXAS, IN SEPTEMBER

■ ABILENE: KYLE GRILLOT/BLOOMBERG. SPHERE: ORACLE league to the tune of $10 million a year. The company pays him to use his private jet for business and employs his half-brother. In 2016, Oracle agreed to spend $9.3 billion to acquire NetSuite, a software company Ellison owned almost half of. Shareholders dragged Oracle to court, alleging it had overpaid to enrich him. Oracle argued that Ellison had recused himself from the deal, even though the discussions began during a board meeting at one of his properties near Palm Springs, California. The judge ruled in Oracle's favor.

Oracle was successful enough to support Ellison's quirks, feuds and self-dealing, but it began to suffer from his failure to grasp the importance of cloud computing. Starting in the 2000s, companies such as Salesforce Inc., founded by former Ellison protégé Marc Benioff, began renting access to their software over the internet rather than selling it to corporate customers to install on their devices. Later, Amazon Web Services Inc. and Microsoft Azure started doing the same thing with the hardware itself, selling remote access to online servers. Such cloud-based businesses became a threat to Oracle.

THE SPHERE IN LAS VEGAS

Publicly, Ellison wrote off the cloud as so much hype—"complete gibberish," he called it in 2008. But Oracle's customers didn't think the cloud was gibberish. They started spending more of their money with the company's new competitors. In a concession to reality, Oracle launched a cloud infrastructure business in 2012, and relaunched it in 2016, but was unable to make inroads into the market.

Oracle's leadership remained skeptical. Safra Catz, co-CEO until 2019 and then CEO until 2025, was long seen as one of corporate America's most prudent financial leaders. She was reluctant to chase the lower margins of the cloud and get into the costly business of running data centers, according to multiple employees present at the time. Instead, she sought to milk Oracle's existing database and application businesses. Even today, Oracle takes in just 3% of the revenue of the cloud-infrastructure market, according to Synergy Research Group.

Oracle finally began bringing in big cloud contracts during the Covid-19 pandemic, when other providers couldn't keep up with the explosion of work-from-home-fueled demand. One particularly notable contract was with Zoom Communications Inc. Oracle's most important deal, though, was with TikTok, which is owned by Chinese tech giant ByteDance Ltd.

Oracle had never handled a cloud account anywhere near as big as TikTok's. But the controversy around the app provided an opening. TikTok's popularity had hawkish American politicians, including Trump, raising alarms that the service could allow ByteDance—and perhaps the Chinese government—to mine the personal data of millions of Americans. Oracle seemed a perfect solution to those concerns. It had a long history as a US government contractor as well as expertise in securing sensitive government data—"compliance" was third on its list of core values. ByteDance announced in June 2022 that it had migrated all US TikTok user traffic onto Oracle servers. Oracle had recently moved its headquarters to Austin, so ByteDance gave the partnership an all-American name, Project Texas.

Working with ByteDance generated more revenue than the rest of Oracle's cloud infrastructure customers combined and gave it a crash course in managing data centers for a large and demanding customer. "Oracle would not be where we are today without all of the opportunities and learnings that we've had from serving you and your customers," co-CEO Magouyrk told a ByteDance executive in October at Oracle's annual conference, AI World.

The company's experience on Project Texas became particularly relevant when ChatGPT turned AI into Silicon Valley's overriding obsession. Oracle struck a deal with Microsoft to help power the AI-enabled version of Bing and went into business with the Canadian AI company Cohere and Musk's xAI (a different deal from the one for the X-shaped data centers that fell through). Illustrating the often circular nature of today's AI industry, Oracle also inked an agreement in which Nvidia, for its own internal research and development, paid for access over the cloud to an Oracle data center full of Nvidia chips.

In the Stargate deal, part of what was so appealing to OpenAI was Oracle's eagerness to design custom data centers on incredibly tight deadlines. SemiAnalysis, a popular industry research firm, lists Oracle Cloud near the top of its rankings for AI infrastructure vendors, citing its cost-effectiveness, networking quality and strong customer service. "I have been blown away—not just by your willingness to co-design things and co-engineer—but how everyone across the [Oracle Cloud Infrastructure] stack understands these things," OpenAI's infrastructure chief, Hoeschele, told Magouyrk onstage at AI World.

Hoeschele's comments, meant as praise, touch on a tendency that alarms some Oracle investors: The company will do whatever it takes to get these AI infrastructure deals. The data centers it's racing to build will require tens of billions of dollars in upfront costs. Microsoft, Google and a group of smaller AI-focused companies are also racing to expand their own networks of data centers, bidding up the prices of materials and labor. In a six-month period in 2024, Microsoft spent nearly $40 million on just the concrete for a single Wisconsin data center. Most of the sites OpenAI has hired Oracle to develop are still in the design stage, ▶

“IT’S THE LARGEST, FASTEST-GROWING BUSINESS IN HUMAN HISTORY. BIGGER THAN THE RAILROADS”

◀ and it’s grown particularly difficult to predict expenses for AI-specialized sites at a time of rising construction costs, according to a report from construction consultant Turner & Townsend.

Energy is also a major issue. Many utility companies, their capacity stretched thin, have long waitlists for data centers to connect to the grid. To get the lights turned on more quickly, Oracle has turned to novel and costly methods, such as running entire sites with gas generators. For one data center campus in rural Shackelford County, Texas, this will cost more than $1 billion per year. When it reported earnings in December, Oracle executives worked to reassure investors, with Magouyrk telling them it would “carefully evaluate all future infrastructure investments” and only proceed when it could “ensure profitable delivery for our customers.”

The sums involved are exactly why Catz was leery of getting into the cloud infrastructure business, but those decisions are no longer hers to make. In 2025, with its stock at record highs after disclosing the full OpenAI contract, Oracle accelerated plans to replace her with two co-CEOs. Magouyrk is focused on the cloud, while Mike Sicilia is in charge of sales and customer service. Although the two executives are ostensibly equals, Oracle hinted at its priorities by giving Magouyrk a compensation package worth $150 million more than Sicilia’s. Both also effectively report to Ellison, who’s the company’s executive chairman as well as its chief technology officer and, implicitly, its forever boss.

Through creative financing, Oracle has kept many of its AI-related development costs off its own books. Vantage Data Centers, a real estate developer, is borrowing $38 billion for two data center campuses it will rent to Oracle. The other facilities are being developed under similar arrangements, with Oracle generally agreeing to lease sites for 15 years. Despite measures like these, the company itself is now deeply in debt. According to analyst predictions aggregated by Bloomberg, the company’s big infrastructure bet is expected to pay off, but only after it absorbs about $70 billion in free cash flow losses over the rest of this decade.


TRUMP WITH ELLISON, SON AND ALTMAN IN JANUARY 2025

Stargate and similar deals are bets that unprecedented levels of demand for a new and specific style of computing will continue long into the future. They’re premised on the idea that AI companies will require ever-more immense data and computing resources—and that enough people will be willing to pay enough money for AI products that the industry will start making money. Should OpenAI’s revenue stop doubling or tripling every year, the startup might not have either the need for so much computing power or the means to pay for it—and Oracle could end up sitting on some extraordinarily expensive and illiquid assets. The Stargate deal is structured so that OpenAI will have a chance to recommit or walk away after about five years. That’s around a decade before many of Oracle’s leases are up. Today it’s a seller’s market for AI infrastructure. No one knows whether that will still be true by the time OpenAI has a chance to reconsider.

Gil Luria, an analyst at D.A. Davidson & Co., sees three potential scenarios for the big OpenAI contract: Oracle reduces its forecasts next year but is still able to salvage some of the work; OpenAI collapses and the contract goes away; or “OpenAI achieves super-intelligence, spends $1.4T, none of us have to ever work again, and Oracle is fine.”

Aside from livening up a research note, the joke serves to illustrate an uncomfortable dynamic in AI. The current hype cycle is based in part on some monumental projections, in which computers find cures for many forms of cancer, eradicate whole categories of human labor and maybe even

■ WHITE HOUSE: JABIN BOTSFORD/THE WASHINGTON POST/GETTY IMAGES. CATZ: JUSTIN SULLIVAN/GETTY IMAGES emerge as a kind of post-biological life form. But the dates at which these things are expected to be achieved are creeping further into the future, or maybe straight back into science fiction. Absent some transformational advances, the logic of the outsize investments in AI starts to look shaky. Even a consumer product as popular as OpenAI, with its 800 million active users, isn't going to be enough on its own to get the numbers to pencil out.

Those who are pessimistic about Oracle worry the company, focused on closing deals based on these unrealistic expectations, is making decisions that could come back to haunt it. Microsoft's approach provides a contrast. Oracle's old rival has been partners with OpenAI since 2016: The models powering ChatGPT were built on Microsoft's Azure cloud-computing platform. But many at Microsoft had come to worry about tying up too much of its data center capacity on OpenAI and its unreasonable demands. Microsoft already had to limit the processing power it gives some of its biggest customers to meet OpenAI's needs.

Microsoft CEO Satya Nadella summed up the concerns in a podcast interview in October, mentioning the OpenAI CEO by name. "Sometimes Sam is saying, 'Hey, can you build me a dedicated multigigawatt data center in one location for training?'" Nadella said. "Makes sense from an OpenAI perspective." But, Nadella continued, it "doesn't make sense" for Microsoft Azure. In 2024, Microsoft allowed OpenAI to seek other cloud vendors as long as Microsoft had a right of first refusal. In October, Microsoft gave up even that.

Oracle, in defense of its strategy, has argued that building and selling AI infrastructure will also boost demand for the company's other products such as databases to store all of the information the large language models draw from. "There's this perspective that these AI companies are only coming to us because they're temporarily out of luck," Magouyrk said onstage in October. "We do a good job that actually complements and supplements what these people are doing."

Oracle executives spent much of AI World (a conference long known as OpenWorld and then, briefly, as CloudWorld) arguing that AI is, in fact, a business that will be profitable over the long term. Industry analysts in the audience at times seemed skeptical. When Jackson Ader, an analyst at KeyBanc Capital Markets, pressed the company on the high gross margins it offered in a cost breakdown for one of its large data centers, Magouyrk snapped at him, "I feel like you're confused."

If Ader is confused about what Oracle is doing, he's not the only one. The recent drop-off in its share price suggests that investors may now question Oracle's delivery timeline and profit projections for the new work. It hasn't helped that OpenAI has since made multibillion-dollar deals with Amazon.com, Advanced Micro Devices, Broadcom and CoreWeave. OpenAI has also talked publicly about potentially building its own data centers. Now, Oracle is just one of the many companies constructing data centers for OpenAI and hoping it pays all its bills.

"You've seen an inverse correlation between OpenAI's commitments and Oracle's stock price," Ader says. "As the amount of spend grows at OpenAI, the value of each commitment goes down."

Silicon Valley culture has generally championed the young and audacious. Ellison is playing a central role in yet another tech boom in his ninth decade. Gates has long moved on to philanthropy, and Ellison's old friend Steve Jobs died years ago. The Oracle co-founder, on the other hand, actually increased the share of workers he oversees in this year's reorganization, according to documents reviewed by *Businessweek* in November. Perhaps most crucially, he controls the company's spending—the top finance executive now reports directly to him, bypassing both CEOs.

Of course, Ellison has always held sway at the company he founded and in which he's still the largest shareholder. He rarely comes to the office but is a regular presence via videoconference from his properties around the world, weighing in on decisions big and small. Forty-eight years into Oracle's existence, he still has thoughts on which product lines the company should emphasize, and even about things like the placement of buttons on Oracle Health's virtual interface.

CATZ AT ORACLE'S ANNUAL CONFERENCE IN 2019

And while his public appearances are less frequent, Ellison continues to be willing to muse publicly about topics far from Oracle's core business. During his AI World keynote in October, he took 10 minutes to offer his thoughts on farming. "We can't keep taking habitat and converting it to farmland," he said. "We need to be much more efficient."

Mostly, though, his 90-minute speech focused on AI. Two years earlier, he pointed out, at what was then CloudWorld, he'd publicly asked if AI would be "the most important technology in human history." He isn't wondering anymore. "It's the largest, fastest-growing business in human history," he said, "bigger than the railroads, bigger than the Industrial Revolution." All that needs to happen for Oracle's bet to pay off is for him to be right. B

Where'd Everybody Go?

By Jaewon Kang and Devin Leonard

Illustrations by Cameron Galley

Target has lost its vibe, and the results show it. Can a new CEO get the company back on its feet with his old boss next door?

Let us stipulate that Target knows how to throw a party. On a Tuesday morning in September, the Target Center in downtown Minneapolis is bathed in red, and the seats are filled with 14,000 crimson-clad employees of the discount retailer. They're here for a pep rally that's part of Target Together, the company's annual four-day corporate jamboree. An 11-piece R&B ensemble serves up a catalog of hits like *Uptown Funk*. The screens above the stage flash with multiple-choice questions, reminding the crowd of the company's glory days in the aughts. Who was Target's "bedrock design partner" during that era? Isaac Mizrahi, of course. Who played a Target employee on *Saturday Night Live*? Why, Kristen Wiig. There's a dance cam spotlighting employee booty-shaking, previews of holiday gift items like Kendra Scott-branded Bose earbuds with her signature sparkle, and a reminder that the latest door-busting Taylor Swift album, *The Life of a Showgirl*, will soon be released in multiple versions, each with a poster available only at Target. Later, there will be an appearance by Kris K., the hunky, dimwitted "Hot Santa" who made his debut in Target's holiday ad campaign in 2024. He'd gone viral, providing a welcome dollop of good cheer at a company that's lately been plagued by political controversy, employee dissatisfaction and slumping sales.

But first, here comes Chief Executive Officer Brian Cornell, striding out of the audience and onto the stage like a game-show host, wearing a khaki suit, red T-shirt and bright red leather shoes. If the suit seems a little tight, that's because it's the same one he wore to the event 11 years ago, after being named CEO. "It still kind of fits," he says, getting some chuckles.

This year's rally, however, will be Cornell's final one as CEO. He launches into a retrospective of his time at Target Corp., dwelling as you might expect on the high points: his decision in 2015 to pull the company out of Canada, where its 133 stores were losing money. His $7 billion commitment in 2017 to refurbish hundreds of stores even as doomsayers were forecasting—wrongly—the demise of physical retail. ("We knew better," Cornell tells the audience. "We talked with the consumer, and they told us they still loved stores—especially Target stores.") The increase in the number of Target's house brands, which now account for $30 billion a year in sales. And reaching $100 billion in annual revenue. ("That's still a very exclusive club," Cornell says with evident satisfaction.)

He neglects to mention a few notable lowlights: the conservative backlash that greeted Target's 2023 Pride collection; the progressive boycott in 2025 following Target's abandonment of some of its diversity, equity and inclusion policies. He doesn't point out that much of the company's revenue growth happened during the pandemic, when it had the advantage of being allowed to remain open because it sold groceries, and only fleetingly acknowledges that, more recently, its sales have been in decline. "The last three years, we haven't delivered the growth we wanted," he admits.


Outgoing CEO Cornell

Then Cornell introduces the man who will replace him as CEO in February, Chief Operating Officer Michael Fiddelke, a 22-year Target veteran. "He's my choice, the board's choice, I know your choice," Cornell says. Perhaps that's true, but investors had made it clear they would have preferred an outsider, with Target's stock dropping 6% the day the choice was announced in August.

Before turning over the stage to his successor, Cornell chokes up, pats his chest and starts to cry, his tearful face massive on the arena's five jumbotrons. No matter that he's leaving behind unhappy investors, dissatisfied customers and a disillusioned workforce. This morning at the Target Center, at least, he's the object of affection. Plus, he's not really going anywhere. When Fiddelke becomes CEO, Cornell will stay on as executive chairman, meaning Fiddelke will still answer to his longtime boss.

Cornell probably could have relinquished the stage sooner, just as some would argue he should hasten his departure from the company and give his successor free rein. In many ways, that epitomizes Target's problems. While its almost 2,000 stores still sell a ton of stuff and the company remains profitable, some observers say it has long had a culture of high self-regard, which can be dangerous in an industry as rapidly evolving as retail. Some would say this explains what they have seen as a lack of urgency in addressing its current difficulties. "Target has always had a touch of arrogance about it," says Neil Saunders, retail analyst at GlobalData, a research and consulting firm. "Target has always been a company whose attitude is, 'We know best. We know what we're doing.' Which, when it works, is fine. When it doesn't, it becomes a hindrance." (Target, not surprisingly, takes issue with this.)

In November, the company said in a quarterly earnings call that sales and profits had fallen yet again compared with the previous year. For investors, shareholders and employees, too, the question is stark. Can Fiddelke, a senior member of the executive team that presided over the recent decline, make Target cool again?

There's a weighty, 351-page coffee table book entitled *Target: 20 Years of Design for All* that you can find in some of the company's executive offices. It was published in 2019, the 20th anniversary of Target's celebrated partnership with designer Michael Graves. That relationship resulted in thousands of items, including a famous $34.99 teakettle, that gave customers the satisfaction of getting

■ PHOTOGRAPHS BY NATE RYAN FOR BLOOMBERG BUSINESSWEEK ■ DATA: BLOOMBERG a deal on a piece of kitchenware that married price consciousness with style. In addition to a loving portrait of the kettle, the book has an image of Mizrahi from a TV ad in which he declared, while frolicking through a cornfield with a chicly clad model, "It's a big country. You're gonna need some great shoes!" There are those fabulous zigzagged Missoni dresses customers craved so much that they crashed Target's website after the collection was released in 2011. And Philippe Starck curling irons, Jason Wu canvas skirts and Anna Sui *Gossip Girl*-inspired totes.

Not shown in the book, despite his foresight in recognizing how important such collaborations would be to Target, is Bob Ulrich. A lantern-jawed Minnesotan, Ulrich became CEO in 1987, when Target was just a chain of 317 discount stores owned by the department store company Dayton Hudson Corp. Reached by phone in late August, the once media-averse Ulrich is chatty, and he's clearly concerned about the state of his former company.

Early on in his tenure, he says, he realized that Target would never be able to compete with Walmart Inc. on price alone. One way to distinguish itself was to ensure that its stores were cleaner and had wider aisles and brighter lighting than those of its rival. Shelves had to be stocked. Checkout lines needed to be short.

Another way to differentiate Target's stores would be to offer higher-quality products for which customers would be willing to pay a bit more. That meant Target buyers sometimes traveled overseas in search of such goods, visiting night markets in Hong Kong, fashion shows in Paris, toy fairs in Nuremberg, Germany. Target executives knew that when they bumped into Ulrich on the elevator, he'd buttonhole them with "What's new?" It was a mantra. Vendors visiting Target's headquarters knew they'd hear it too. "Bob would say, 'What have you got there?'" says Greg Duppler, a former senior vice president for groceries. "And you'd have vendors hauling out samples, showing Bob the newest, coolest thing."

By the late 1990s, Target was approaching 1,000 stores and being celebrated for what some described as the promethean achievement of bringing fine design to the masses. Customers flocked to Target to pick up witty postmodern goods from Graves and other designers and, while they were there, to load up on toothpaste and toilet paper.

Mizrahi, who'd been designing clothes sold at high-end stores such as Bergdorf Goodman, created a collection for Target in 2003 with prices ranging from $9.99 to $109.99. The five-year-long partnership became a $300 million annual business.

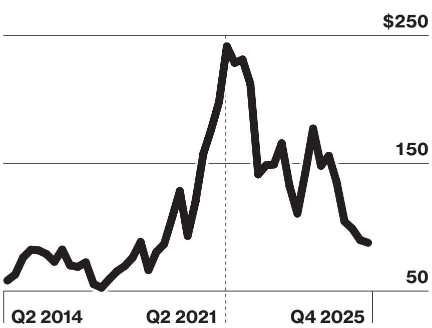
Customers showed their appreciation for Target's stylishness by affectionately referring to it as *Tar-zhay*, a Frenchified nickname. The leadership team scrupulously avoided using the term themselves. "When customers come up with a pet name for you, for crying out loud, you just say, 'That's wonderful, by gosh,'" Ulrich says. "You don't act like it's a company message. That's a classic marketing mistake."

Although Target had no stores in Manhattan, it concentrated much of its ▶

Incoming CEO Fiddelke

Trouble With the Stock

Target share price



◀ marketing there to get national media attention. It opened pop-ups in various parts of New York City; hosted what it described as the first vertical fashion show, with runway models rappelling down the walls of Rockefeller Center; and purchased all the ad space in a 2005 issue of the *New Yorker*, filling the pages with clever drawings (that happened to incorporate the Target bullseye) by notable illustrators. The glossy takeover was yet another example of an Ulrich-era highbrow-middlebrow play.


The coveted Michael Graves teakettle

In 2008, Ulrich stepped down, though not because he wanted to go. He'd reached the company's mandatory retirement age of 65. He believed he was leaving Target in good hands with Gregg Steinhafel, a 29-year company veteran and his handpicked successor. He's since had a change of heart. "I thought the guy was going to do a hell of a good job," Ulrich says. "It's just one of those weird things, probably my worst decision in my goddamn life." (Steinhafel didn't respond to requests for comment.)


A store during the company's heyday

According to other former executives, Steinhafel, once a collegial member of the leadership team, became an imperial CEO with little interest in others' counsel. With the US in recession, Steinhafel deemphasized style and slashed prices on sundries such as laundry detergent, in a bid to make Target more Walmart-like. Some of those moves would eventually pay off, most significantly his decision to push more aggressively into groceries, which accounted for 23% of the company's sales in 2024. Target's long-running relationship with Swift also commenced on his watch with the release of her 2008 *Fearless* album.

Steinhafel wouldn't be around long enough to reap the credit. He presided over the disastrous opening of 133 Canadian stores in 2013 after Target purchased leases to sites of that country's Zellers chain. It was a deal Ulrich had spurned. "God, I mean, I had looked at that a couple times over the years, and I said, 'Look, I wouldn't take these stores if they were given to us,'" Ulrich says. "A lot of these are too small. They're not in the right areas." Target raised the hopes of Canadian shoppers with its glamorous marketing. Then it dashed their expectations when stores opened with empty shelves because of supply chain issues and with prices on some items steeper than at Target's US stores. (Target says importing costs were among the reasons for this.)

Ultimately, however, Steinhafel's downfall came after an even worse debacle that same year: A hacker installed malware in Target's payment system, making off with 40 million credit card numbers, 70 million addresses and other personal information. The board ousted Steinhafel in 2014. Having suffered through such calamities under a company lifer, Target recruited an outsider to replace him: Cornell.

It's the morning after the Target Together rally, and Cornell is basking in the glow of the reception to his final appearance there as CEO. "I think yesterday may go down as my favorite day at Target," he says. "The personal warmth, the appreciation, the respect, and–I'll use the term–love people showed for me, my family." Cornell, who has an intense gaze and a solemn manner, is sitting in a conference room on the 26th floor of the corporate headquarters in downtown Minneapolis. In his blue quarter-zip pullover, gray slacks and black sneakers, he looks very much like the high school football coach he aspired to be until he discovered, while attending the University of California at Los Angeles, that there would be no money in it.


Mizrahi with Target's mascot, Bullseye

Instead, the Queens, New York-born Cornell, who's now 66, went into business. Over the years he became CEO of Michaels Stores and then Sam's Club, then moved to PepsiCo to run its US foods business. He assumed PepsiCo would be his final stop, until a headhunter from Target called. The day his hiring was announced, Cornell visited Target's headquarters, meeting employees and shaking hands. Then he received a briefing on the Canadian stores. "I asked a very simple question," he says. "'How many were cash flow positive?' The answer was zero." He'd been planning to leave for a vacation. Instead he called his wife, Martha, and told her to FedEx him some clothes. He'd be staying awhile.

Cornell acted decisively. In early 2015, Target announced it was pulling

■ TEAKETTLE: TARGET. MIZRAHI: BRAD BARKET/GETTY IMAGES. STORE: DAVID BUTOW/GETTY IMAGES ■ DATA: BLOOMBERG; SAME-STORE SALES NOT AVAILABLE FOR Q1 2024 out of Canada and taking a $4.5 billion writedown. The company eliminated 1,700 corporate positions. Separately, Cornell embarked on a plan to freshen up and expand Target's store brands.

Still, Target struggled to improve sales significantly. In 2017, Cornell unveiled a plan to invest $7 billion to remodel 600 stores, build new ones and bolster the company's digital operation. Target stock tumbled 12% that day. "I don't understand why you think it will work going forward if it hasn't worked so far," CNBC retail reporter Courtney Reagan told him on-air. "At what point do you say we have to start closing stores?"

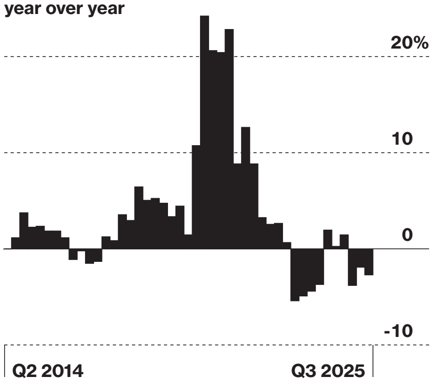
Cornell had other ideas. He pressed into urban areas, opening small-format stores in places including New York's Herald Square. At the same time, Target refurbished its older stores so they could also serve as digital fulfillment centers, essentially a way to do e-commerce less expensively than building the kind of massive distribution centers used by competitors such as Amazon.com Inc.

Such changes set Target up to prosper during the pandemic. Because its stores sold groceries, they were classified as essential service providers and allowed to stay open. Customers loaded up on beauty items so they'd look better on Zoom calls. Toy sales jumped, because parents needed to keep kids occupied. "We had people buying tents, because they were in their backyards, doing their own little family camping trip," Cornell remembers. Revenue rose 20% in 2020, to $94 billion. The following year, it topped $106 billion.

It was also in 2020 that George Floyd was murdered in Target's hometown. Cornell responded by establishing himself as one of the foremost voices for racial equity in corporate America. He exhorted his peers to do better. "I recognize that it's time to take it to another level, and that as CEOs, we have to be the company's head of diversity and inclusion," he said in an event at the Economic Club of Chicago in April 2021. "We have to be the role models that drive change." For Target, that meant pledging to increase the number of Black employees by 20% in three years and spending

Trouble in Sales

Change in Target's same-store sales, year over year



$2 billion with Black-owned companies by the end of 2025. Few of Target's competitors promised as much.

The following year, Cornell was hailed as an industry hero, accepting the National Retail Federation's annual Visionary award from Magic Johnson, the evening's emcee, who introduced him as "just a cool dude." It was nothing compared to the pat on the back he received from Target's board. Even though Cornell turned 63 in 2022, the board asked him to remain in the job for three more years, waiving its mandatory retirement age in his case.

Cornell and his executives had expected a slowdown after the end of the pandemic, but the magnitude of the shift took them by surprise. By mid-2022, Target was stuck with a backlog of kitchen appliances, patio furniture and other items that had lost their appeal as inflation spiked. The company had to unload them at a discount, cutting its annual profit by 55%. The digital business continued to grow, but using stores to handle most e-commerce orders was creating operational problems. With employees handling more online orders, they had less time to tend to in-store shoppers. Checkout lines grew even as Target added self-service stations. Shelves were often empty, the result of a newly cautious approach to ordering.

Multiple corporate employees say that, as this crisis unfolded at Target, Cornell was often in Florida, where he owns a home, and led internal meetings infrequently. Target says this was deliberate, reflecting Cornell's desire to give other executives the opportunity to take charge. Regarding his whereabouts, a Target spokesperson wrote in an email, "as CEO of a $100B+ retailer…Brian spends a significant time traveling in the field and meeting with team members and guests, when not working from our headquarters office."

Meanwhile, the progressive policies Cornell championed were drawing criticism from some quarters. Early in his tenure, Target had announced it would allow transgender workers and customers to use the restrooms of their choice in its stores and other buildings. Religious conservatives protested. The company stood by its policy, though it also added private bathrooms to assuage its critics. Then, in May 2023, after the company set up its annual Pride Month collection—which featured rainbow-hued sunglasses, bracelets and *Star Wars* T-shirts, and was often displayed at the front of stores—conservative commentators went on the attack. In particular, they became fixated by a "tuck-friendly" swimsuit designed for transgender people. Some asserted, falsely, that it was intended for children. Agitators knocked down Pride displays in stores and threatened employees. When Target removed some Pride items and relocated displays to different areas of stores, the company was lambasted by progressive leaders who accused it of caving to right-wing pressure. Both sides called for boycotts, and Target's sales suffered.

Inside the company, emotions boiled over during a video town hall in which Cornell and his executives tried to address the controversy while employees simultaneously argued about it in the accompanying public chat area. The executives carried on, seemingly unaware of the discord. Somebody noticed eventually—the chat function was disabled in future virtual gatherings.

Sales continued to stagnate in 2024, even though Taylor Swift fans descended on Black Friday week to buy a million copies of *The Official Taylor Swift The Eras Tour Book* and Diane von Furstenberg released a 200-piece collection featuring her ▶

◀ signature midlength wrap dresses along with salad plates, water bottles and yoga mats. Cornell tried to calm investors, encouraging them to focus on the long term and blaming his company's troubles on inflation and consumer uncertainty. He and other Target executives also trotted out "Tar-zhay" on earnings calls, as if to say, yes, Target was still that company everybody remembered fondly. Ulrich-era veterans cringed.

The following year, after Donald Trump retook office, Target rolled back its DEI policies, ending formal corporate programs to boost Black employment at the company and support Black-owned business. It also ended its participation in external surveys such as the Human Rights Campaign's Corporate Equality Index, which rates companies' LGBTQ policies. "We understand the importance of staying in step with the evolving external landscape, now and in the future," Kiera Fernandez, then chief community impact and equity officer, wrote in an email to staff.

You could almost hear the collective "What?!" Target was hardly the only company making such adjustments following Trump administration attacks on such programs, but for some customers, progressive policies had become as central to Target's brand as Bullseye, its beloved English bull terrier. Cornell stayed quiet for four months, before finally addressing the issue in a May email to employees. "I recognize that silence from us has created uncertainty," he wrote. "So I want to be clear. We are still the Target you know and believe in—a company that welcomes all and aims to bring joy to everyone, every day."

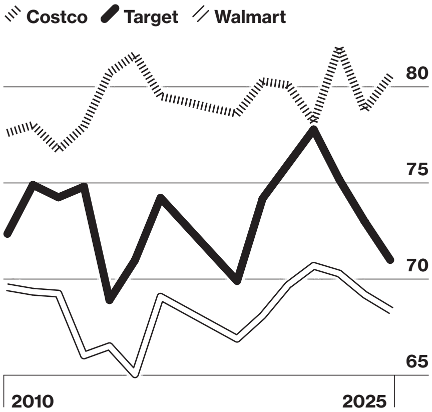
Some former allies remain unconvinced. Target had long supported Twin Cities Pride, organizer of the area's annual LGBTQ festival, but last spring the organization rejected the company's proposed $50,000 donation, citing the DEI retreat. Andi Otto, Twin Cities Pride's executive director, says he hasn't been in one of its stores since. "I miss Target," he says. "I literally pass three Targets on my way from home to work, right? I can get my groceries, I can get my kids' school clothes. And now I'm finding alternatives."

Otto isn't the only one who's lost faith. Responding to Target's annual internal survey this summer, 40% of employees said they weren't confident about the company's future. Investors haven't seemed any happier. The company's shares have dipped below $100 this year, compared with the pandemic-era high of $266.

Does Cornell ever regret not having bowed out before so much seemed to go wrong at Target? He looks surprised by the question. "I have no regrets," he replies after a moment. "I guess my only regret is I wish I would have started at Target 20 years ago, not just 11."

Reputational Trouble

Harris Poll reputation score



There are those who find it confounding that Target's board is allowing Cornell to stick around after Fiddelke becomes CEO. "I don't think the appointment of Michael Fiddelke is the biggest problem," says Saunders, the GlobalData retail analyst. "The biggest mistake is actually keeping Brian Cornell on the board and making him the chair. It's just ludicrous. You're rewarding failure, and everybody at Target knows that." Target says that the decision to keep Cornell around is "the outcome of a deliberate, yearslong and thoughtful CEO succession process" and that Fiddelke's "decades and breadth of experience across the enterprise give him a deep understanding of the business.

Fiddelke's corner office has a sweeping view of downtown Minneapolis, with memorabilia testifying to his two-plus decades with the company. A copy of *20 Years of Design for All* is prominently displayed. Nearby is a brick from the original Target in Roseville, Minnesota, built in 1962. A cuddly, plush, Target-branded Squishmallow sits alongside a photo of Fiddelke and his daughter waiting outside a Target in 2024 in Dubuque, Iowa, on Black Friday to get a copy of the *Eras Tour Book*. He could have cut the line, but they wanted to endure the morning chill with the rest of the Swifties.

It doesn't sound like Fiddelke will be moving in February when he officially becomes CEO. "I like this office," he says. He also appreciates having Cornell so close by. He says he and Cornell are completely aligned. "We both know that I—with the team—need to grab the pen and write the next chapter," Fiddelke says. "Brian's been super open and supportive about that."

Fiddelke radiates enthusiasm about his promotion and looks like he's ready to get down to work in a black waffle-knit pullover, jeans and red Nikes, one of eight pairs of similar sneakers in his closet. He knows some investors would have preferred to have an outsider replace Cornell. He says everything will be copacetic once the company starts putting up better numbers.

Fiddelke emphasizes the need for Target to reclaim its leadership in style and design. "There are a bunch of successful models in retail," he says. "The one we're positioned to win at is that one." You can see some of this effort underway in a building on the downtown Minneapolis campus that has dozens of rooms devoted to Target's more than 40 house brands. In the one dedicated to Wild Fable, a young-women's apparel label that was started in 2018 and has become a $1 billion-a-year business, the walls are decorated with artificial-intelligence-generated images of college-age women clad in outfits for various occasions. Some of these looks were arrived at by feeding information into what Target refers to as its AI-powered trend brain, which the company says allows it to jump on trends faster. Others are the result of on-the-ground trendspotting, which Target is accelerating to make up for what the

■ DATA: HARRIS

company acknowledges was the dulling of its stylistic edge during the pandemic. It's even had its cool hunters staking out frat houses on Southern California college campuses to see what female students wear on nights out. (Nanoscopic skirts and off-shoulder sweatshirts, it turns out.)

More changes are happening at stores such as the one in Edina, a posh suburb of Minneapolis. Rick Gomez, the company's chief commercial officer, strolls the aisles in cuffed jeans, brown loafers and a beige quilted vest with a red-and-white-checked pocket square. He says the company is retooling the home section, moving bulkier items such as couches to its website and pushing smaller items instead: "It's vases. It's frames. It's impulse purchases."

Then it's on to the tech section, where a similar makeover is underway, with computers being replaced by products that people can use to customize their phones and laptops. Think crossbody chains for carrying smartphones and faux-baguette wrist rests. "I've been talking to store managers, and they're like, 'Rick, we need more. They're selling so fast!'" Gomez says. "I mean, come on. They're so cute!"

What's the Michael Graves teakettle for these times? Gomez points to a $50 Stanley Quencher tumbler in shades of pale green and purple, a color combination sold exclusively at Target. "It's not necessarily well designed, like Michael Graves, but it's coveted," Gomez says. There's a sign on the shelves limiting purchases to five per customer, and there have been scenes on social media of Target shoppers nearly coming to blows over the product.

To hear executives tell it, these are still early days in the campaign to reassert the company's design leadership. In September, Target returned to New York Fashion Week, taking over the elevated High Line park on Manhattan's West Side for an event that included an acoustic set by English singer Suki Waterhouse followed by a marching band, dancers and a parade of models in the company's apparel brands. The crowd of several hundred people was delighted when Mizrahi himself materialized in a *Sgt. Pepper*-style jacket, like a ghost from Target's past, to toss out T-shirts.

All these efforts, of course, will have to yield sales improvement if Target wants to prove its naysayers wrong. "We have to get this company back to growth," Fiddelke says. "That is priority 1 through 10 on my list. I think that involves an honest assessment of where we're at, and where we have work to do. And I find that energizing."

There's been some bloodletting too. In October, Fiddelke announced that Target was cutting 1,800 corporate positions. The news was accompanied by the kinds of mishaps that have become too common at the company. Employees learned via the media rather than their bosses when they'd receive their final paychecks. They suffered through a glitchy videoconference that left them peering at the red Target logo on their screen as they waited to find out if they'd lost their job. The company's stock barely moved on the news of the downsizing.

One of Fiddelke's plans is to spend $5 billion next year opening new stores, refreshing existing ones and otherwise spiffing things up. Target has also embarked on an in-store charm offensive, directing workers to smile, make eye contact and start conversations with shoppers. It may come too late for customers such as Lisa Crampsy, a social worker perusing the aisles at a Target in East Hanover, New Jersey, on a recent weekday afternoon. Crampsy was once a devoted Target shopper, in part because she didn't care for the conservative politics of the family behind Walmart.

These days, however, Target is no longer her happy place. The DEI rollback was too much for her. "I don't like it," Crampsy says. "If I didn't have to come buy socks and a couple things, I wouldn't be here. This is my first time in Target for a very long time."

Lately, she's been shopping at Costco. "I just got a great deal on Yankee tickets there," she says. "I could buy socks at Costco. I have to remember that." Ⓑ
—*With Charles Gorrivan*


BAG WORK
$ENRON
LIBRA
$TRUMP

TRUMP & DUMP

By Zeke Faux & Max Abelson

The first couple's tremendous, tacky, perfectly legal (?) crypto adventure

Illustrations by George Wylesol

A few days before Donald Trump returned to the White House, George Santos was walking up the steps of the Andrew W. Mellon Auditorium nearby. It was Jan. 17, the kickoff to inauguration weekend, and the disgraced former US representative was headed into the $2,500-per-ticket Crypto Ball.

Santos strutted past a line of men in tuxedos and entered the neoclassical building. Inside, House Speaker Mike Johnson posed for photos with crypto influencers and lobbyists, and Donald Trump Jr. shot a TikTok. There was Brock Pierce, the former *Mighty Ducks* child actor who co-founded what's now a $180 billion crypto company, and Trump political adviser Alina Habba, playing with a claw machine. Future Treasury Secretary Scott Bessent made an appearance, as did Zak Folkman, a former dating coach who's now one of the Trump family's crypto business partners.

Before Snoop Dogg took the stage to DJ, some attendees pulled out their phones to look at an announcement posted by the president-elect on his social media network, Truth Social. He'd created his own cryptocurrency, called Trump. "Have fun!" he wrote, and the price was spiking. Some at the ball were angry they hadn't gotten a chance to buy in early. Others suspected Trump had been hacked. "It's not real," one crypto founder said to a colleague.

It was real. Not in the sense that Trump's coin had genuine value as an investment, but it wasn't a hack, either. Rather, it was what's known as a memecoin, a digital token based on nothing but hype. His wife launched her own coin, Melania, that same weekend. It was as if the Trumps had lined the National Mall with Trump-branded slot machines.

The coins soared so high that, for a few hours, the Trumps and their business partners were sitting on at least $50 billion worth. Then they crashed. Hundreds of thousands of regular people lost money. The Trump team likely cashed out more than $350 million, according to estimates from crypto analysis firms Chainalysis Inc. and Bubblemaps SAS.

Pretty much no one, save for the few who made a big profit, came away happy. Critics alleged corruption, arguing Trump's coin was a scheme that would allow foreign investors to steer unlimited, anonymous payments to the incoming president. Crypto traders complained that the Trumps had scammed them. The new administration assured the public that everything was above board. "Neither the President nor his family have ever engaged, or will ever engage, in conflicts of interest," White House spokeswoman Karoline Leavitt later said in a statement to *Bloomberg Businessweek*.

The whole operation had happened more or less out in the open. But no one seemed to know how Trump and his wife had come to launch their coins. Someone must have explained to them what memecoins are and how profitable they can be. An elderly politician and a middle-aged ex-model hadn't likely created digital tokens on the blockchain themselves. But who were their mystery partners? Those people would know just how the Trumps had extracted so much money from their fans.

"I don't know much about it other than I launched it. I heard it was very successful"

The trail leads all the way back to the origins of memecoins, an unregulated, nihilistic gambling game that swept the crypto world. It points to a college-age founder whose company generated $1 billion from them; a 29-year-old who's been called "the phantom" in Argentina, where he caused a national scandal; and a Singaporean crypto executive who goes by Meow and whose online avatar is a cartoon cat in an astronaut helmet.

Together, they set a new standard for converting hype into money—and helped set the table for a year of unprecedented presidential profiteering. The memecoin craze has faded. But it goes to show, as the Trump administration rolls back financial regulations, what can happen when the rules are made by the hype men themselves.

It all started with a gag. In 2013 two software engineers grabbed a photo of a fluffy Shiba Inu dog giving side-eye, which had become an in-joke on forums like Reddit and 4chan, and adopted it for their new cryptocurrency. Their token, Dogecoin, was intended to be as silly as possible, parodying the proliferation of digital currencies that had followed Bitcoin. But investors piled in, and within weeks Dogecoin's market value was $12 million. Fans paid to sponsor a Nascar team, which wrapped its car in ads for Doge.

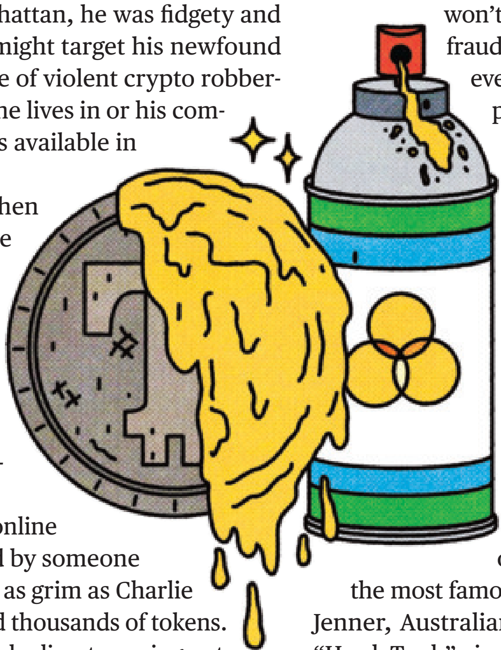
The founders were ambivalent. "I really hope that people don't see what happened with Dogecoin and try to make more popular internet memes into coins," one of them said in an interview.

People did. For years, as crypto boomed and crashed and boomed again, memecoins kept popping up. Then, after Elon Musk started touting Dogecoin in 2021, the pace accelerated. Dogwifhat. Bonk. Fartcoin.

Their success defied almost every basic principle of finance. Even the biggest bubbles on the stock market are based on euphoria about the potential of some company or industry, however far-fetched. But a memecoin will never create a product or any cash flow—by traditional corporate valuation metrics, it should be worth nothing. The only way memecoin buyers make money is if other people drive up the price of the same useless tokens. They're speculating on speculation itself.

"It shouldn't work, according to the efficient-market hypothesis, but, in practice, yeah, it does," said Alon Cohen, co-founder of Pump.fun, the most popular app for memecoin creation and trading, when *Businessweek* met him for a Memecoins 101 session. Few people have made more money from the boom than Cohen. He said his app has been used to launch about 14 million memecoins, though not the Trumps'. By Pump.fun's estimate, the fees it charges on each trade have added up to about $1 billion since January 2024.

Cohen is all of 22, with short black hair and a stubbly beard. Sitting at a cafe in Downtown Manhattan, he was fidgety and sounded paranoid that someone might target his newfound wealth—there'd been a recent spree of violent crypto robberies. He wouldn't say what country he lives in or his company's legal name, even though it's available in public records.



On one of his three phones, Cohen pulled up Pump.fun to demonstrate how the memecoin market works. The app's interface is crude and retro, full of buzzing, pixelated icons, each advertising a coin. Creating one requires only a few clicks—no coding, no paperwork, no knowledge of the Solana blockchain where it will trade.

Almost anything that's popular online or happens in the news gets turned by someone into a memecoin, including events as grim as Charlie Kirk's assassination, which spawned thousands of tokens. Coin creators compete for attention by livestreaming outrageous stunts, including staging sex shows, smoking fentanyl and beheading a chicken. (It can be hard to tell which stunts are real.) Some of the coins that appeared in Cohen's scroll had names invoking racial slurs. He said the website has a toggle allowing users to hide offensive material and that his moderation team screens out anything illegal.

Buying a memecoin on the app is also easy. The price starts at a fraction of a penny and rises with demand according to a formula. Users of Pump.fun skew young, male and online—the type to talk trades on X and Discord—but coins that capture enough attention get listed on larger trading platforms, such as Binance and Coinbase, opening the door to more traders who can drive the price even higher. Pick a winner, and within hours, the gains can be tenfold or more.

Cohen said his app is designed to ensure that everyone has a fair shot at getting in on the next big thing. "This is sort of like a bit of a game, in a sense, right?" he said. "And you want to play a fair game."

Some memecoin traders, creators and influencers disagree. In interviews, they described a complex world of schemes and double crosses, baffling to outsiders. At the center is an obvious conflict. To lure traders, the coin creators generally promise they'll sell a fixed number of tokens at a low price. But as soon as the price rises, they have an incentive to dump as many as they can. Common, if not necessarily ethical, tricks for getting people in the door include engineering fake trades to create the appearance of activity, or quietly paying influencers for what looks like organic social media hype. The dumping can also happen surreptitiously, if creators conceal that they're the people selling. Regardless of how it all plays out, the only consistent winners are insiders who get in early.

No one involved seems particularly squeamish about whether memecoins are legal. A month after Trump's inauguration, the US Securities and Exchange Commission announced it won't regulate them. Agency staff noted that other fraud laws may still apply—a scam is a scam, whatever the method—but so far other regulators and prosecutors haven't waded in.

The shadiness of the memecoin market isn't a big secret. All but the most gullible traders know the deal. But they still think they can profit by getting out before a coin's inevitable crash. It's like consensual scamming. The slimy salesmen depicted in *The Wolf of Wall Street* had to dial all day to trick retirees into buying their penny stocks. Now the suckers are actually seeking out pump-and-dump schemes.

A celebrity's name on a memecoin can be a particularly powerful draw. A-listers have mostly stayed away, perhaps wary of alienating their fans. Before the Trumps, the most famous were probably Kardashian parent Caitlyn Jenner, Australian rapper Iggy Azalea and Haliey Welch of "Hawk Tuah" viral-video fame.

When the coins crash, the celebrities often claim ignorance or blame whoever recruited them. "They're mostly all scams, except for my coin," Azalea told *Businessweek*. Hers is down 99% from its peak last year, though she said she didn't profit.

Trump was just about the most famous pitchman the market could have hoped for. During his presidential campaign, countless coins were made with Trumpy names, either faking the family's imprimatur or hoping to win it. It was clear that whoever could land his endorsement would instantly become one of the memecoin game's biggest players. But, when it finally happened, no one took credit. Just about the only clue was a company named at the bottom of the memecoin's website, in apparent homage to Trump's words after he was shot in July 2024: Fight Fight Fight LLC.

Before Trump's memecoin began trading, the president-elect's Mar-a-Lago Club in Florida was abuzz with possibilities for crypto moneymaking. The family was already promoting one venture, World Liberty Financial Inc., which was in the ▶

◀ middle of raising $550 million by selling its proprietary coins, and Trump had promised to deregulate the crypto industry, which had been facing a crackdown under President Joe Biden. Companies were donating millions of dollars for Trump's inauguration and lobbying to make sure they benefited once he was in office.

One crypto executive who visited Mar-a-Lago around that time told *Businessweek* the plans for Trump's memecoin were hatched only weeks before its debut. His team was rushing to get it out before Inauguration Day, according to the executive, who asked for anonymity to describe private discussions. The assumption was that Trump would face stricter scrutiny after that.

Zanker and Trump promote their crowdfunding site in 2013

The weekend the Trump coin went on the market was the busiest ever for memecoin trading. Its price soared from near zero to as high as $74. When Melania unveiled her coin two days later, it spiked, too, hitting $13. By the next day, though, both coins were crashing. Neither has recovered.

Asked about his coin at a press conference on his first full day in office, Trump pleaded ignorance. "I don't know much about it other than I launched it. I heard it was very successful," he said. Then he asked how much money he'd made.

The memecoin's website listed no executives for Fight Fight Fight and gave the address of a UPS store across from a tire shop in West Palm Beach, Florida. But one of the few available corporate records, a filing in Delaware, named an "authorized person": Bill Zanker.

The name was familiar. Zanker, a 71-year-old entrepreneur, co-authored Trump's 2007 book, *Think Big and Kick Ass in Business and Life*. Over the decades, he's promoted psychic hotlines, a boxing gym and a chain of backrub parlors; he made his mark with a seminar business called the Learning Annex, which offered classes on, for example, "Your Own Greeting Card Business" and "How to Cheat on Your Spouse." During the 2000s, he packed convention centers for Real Estate Wealth Expos, with Trump as the star attraction. And in 2013, the duo launched a crowdfunding site with a press conference at Trump Tower featuring models in white tank tops handing out armloads of cash that had been stuffed into a fish tank. Zanker introduced Trump as "the man with the Midas touch, the man with the heart of gold, the man that's going to make a difference to all our lives." The site fizzled out.

In 2022, with Trump out of power and fighting lawsuits alleging financial fraud and sexual abuse (he denied the allegations in both), Zanker brought him a new way to make money: non-fungible tokens, or NFTs. They ended up issuing what were essentially $99 digital trading cards, showing a muscular cartoon Trump dressed as a hunter or with lasers shooting from his eyes, among other manly poses. The president's licensing fees came to at least $7 million. Then, during Trump's 2024 reelection campaign, the two paired up to sell watches, fragrances and "Never Surrender" high-tops. (After returning to the Oval Office, Trump spritzed the president of Syria with a $249 bottle of his Victory 47 cologne, saying, "It's the best fragrance.")

Given all that, memecoins wouldn't have been much of a stretch for Zanker. But for a man who built his career on publicity stunts, he proved hard to find. Trying to reach him by phone, text and email was futile. After a crypto investor mentioned that Zanker's son, Dylan, was involved with his ventures, *Businessweek* spotted Dylan at a crypto conference in Manhattan, wearing a Moncler puffer and snapping pictures of more famous attendees. He didn't want to discuss the memecoins. "I have a lot of respect for what you do," he said. "But I don't talk to reporters."

The trail wasn't completely dead, though. Zanker himself was about to make an appearance in Washington.

In April, a message appeared on the Trump memecoin website: "$TRUMP Power! The Biggest and Most Important $TRUMP Holders will Proudly have a Gala Dinner with the President. Will You Be One of Them?" The 220 people who bought the most would be invited to a dinner the following month at Trump National Golf Club in Northern Virginia.

Senator Elizabeth Warren of Massachusetts called the event "an orgy of corruption." Many of the memecoin's top buyers were crypto businessmen with an interest in influencing the administration's policies. The No. 1 holder was Justin Sun, a Chinese-born crypto billionaire who'd bought about $15 million worth. A fraud lawsuit against him by US regulators had been put on hold a few months earlier, prompting critics to suggest a quid pro quo. (Sun denied any impropriety. He's suing Bloomberg LP over previous coverage of him; the case is pending.)

At a press conference hours before the event, Leavitt, the White House spokeswoman, defended Trump's presence, arguing that he'd be attending on his "personal time," as though he could avoid conflicts of interest by clocking out for

■ PHOTOS: TRUMP AND ZANKER: WENN/ALAMY. MILEI: JMILEI/X. SUN: JASON ANDREW/THE NEW YORK TIMES/REDUX the day. "It's absurd for anyone to insinuate that this president is profiting off of the presidency," she said.

That evening, dozens of protesters gathered in the rain outside the entrance to the golf club. Sun arrived with an umbrella-toting assistant and three cameramen. At a security checkpoint, attendees had to show IDs–some were clearly foreign passports–giving the protesters a chance to jeer. "What's for dinner, asshole?" one screamed as two guests in tuxedos walked by.

The answer turned out to be filet mignon. Zanker played host, wearing a blue suit and a red tie. At one point he stood at a podium in front of American flags and held up a magazine cover with Sun's face on it.

As an influence-buying opportunity, the event was apparently a bust–one attendee said he didn't see anyone speak with the president one-on-one. Trump arrived via helicopter, gave what had become his standard rah-rah crypto speech and left.

The dinner had, at least, confirmed Zanker's involvement beyond a name on a record in an office in Delaware. But it hadn't offered any revelations about how the president had created and traded his digital coin.

There was another clue. The month after the Trumps created their coins, a second world leader was involved in a memecoin misadventure: Javier Milei, the Trump-loving, chainsaw-wielding president of Argentina. On Feb. 14 he endorsed a coin called Libra. Within hours, the price plummeted and Milei deleted his social media endorsement.

The way crypto works, trades are recorded on a public ledger–a blockchain–leaving what's essentially a trail. One crypto detective, Nicolas Vaiman, co-founder of Bubblemaps, the data firm, told *Businessweek* he'd spotted some anomalies in the records of the Milei and Trump coins.

Blockchain data is anonymous by nature, making it difficult to identify the person behind any particular trade. But by looking at which address bought what, when trades happened and where the money went, Vaiman was able to draw some links. One person bought $1.1 million worth of Trump's memecoin within seconds, suggesting an early tipoff, then sold over the next three days at a $100 million profit. The owner of another address made $2.4 million by buying Melania's before it had been announced publicly. And Vaiman traced that one through a complex series of transactions to an address that created the first lady's coins, leaving him confident they were controlled by the same person or people. On Wall Street, he said, this might be called insider trading. But no law enforcement agency has tried to apply similar rules to the memecoin market. Essentially, he said, "Crime is legal in crypto."

Intriguingly, Vaiman said he'd found a web of connections between wallets showing that whoever created Milei's coin was connected to the maker of Melania's. And the person behind Milei's coin had outed himself.

Milei's crypto adviser was Hayden Davis, a dropout from evangelical Liberty University in Virginia who described himself on LinkedIn as a "hustling expert." Davis worked with his father, Tom, who once told the Christian Broadcasting Network he'd served time for forging checks. For a time they pitched energy drinks for a multilevel-marketing company called Limu.

Memecoins made the Davises into players, if only behind the scenes. They formed a company, Kelsier Ventures, that was akin to an investment bank in the stock market, advising people who wanted to start coins, connecting them with influencers who could hype them, and helping manage trading. But the coins they helped bring out followed a suspicious pattern, according to Vaiman, spiking and then crashing after insiders sold. By his calculations, the total profit Davis and his partners made exceeded $150 million.

More than half of that had come from Libra. When a scandal began to brew in Argentina over the president's apparent participation in what critics called a pump-and-dump scheme, Davis posted a video on social media acknowledging he'd helped with the memecoin. "I am, indeed, Javier Milei's adviser," he said. He seemed to be trying to act serious, but his striped Moncler hoodie, mop of blond curls and large aviator glasses didn't scream high finance. Davis acknowledged having collected $100 million from selling the memecoin but claimed he was only holding the money as a custodian. (The funds haven't been returned.)

Davis' video only made the scandal bigger. The crypto publication *CoinDesk* published text messages Davis purportedly sent to an associate, in which he used a ▶

Hayden Davis and Milei (top left) in a photo posted on Milei's X account; Sun (left) arriving at the White House in May 2025

◀ racial slur to refer to Milei and said, "he signs whatever I say and does what I want." With some in Argentina calling for his impeachment, Milei went on TV, denied responsibility and argued that traders should have known what they were getting into. "It's like playing Russian roulette and getting the bullet," he said. (A spokesperson for Davis told *CoinDesk* that Davis didn't recall the message and had no record of it on his phone.)

As all this was going on, Davis gave an interview to Stephen Findeisen, a YouTube scam hunter who goes by Coffeezilla, in which he conceded that the memecoin industry he'd helped popularize wasn't honest. Davis called memecoins an "unregulated casino" and said the rest of crypto wasn't much better. "It all is dog shit," he said. One of the dishonest practices that he described was "sniping"—expert traders buying up new coins as soon as they're created, sometimes using inside information, then selling once everyone else jumps in. He admitted his team sniped its own coins, though he claimed they only did it defensively, to stop people from cashing in even more quickly at others' expense.

Davis also acknowledged that he'd helped launch Melania's memecoin, though he didn't explain what he'd done exactly, and he claimed he didn't make any money on it. "I was part of it," he said. He sounded almost embarrassed. He said regular investors should probably stay away from the market because they're likely to get fleeced. "Trump, Melania, Libra," he said. "You could just keep naming them. All of these are a game."

Businessweek reviewed screenshots of text messages Davis purportedly sent to an associate just after Trump's memecoin launch, before anything had been disclosed about the upcoming Melania one. In the messages, Davis says it's coming and promises to tip off friends. He also mentions the planned Milei memecoin, which was then a secret too. He bragged that he was making "insane amounts of money" from memecoin launches and hinted that he may also have had some involvement in Trump's. "The Trump coin gives me more power than ever before," Davis wrote. "Which also gives me an insane amount of risk."

But whatever he knew about how the Trumps' coins worked, he wasn't telling *Businessweek*. He declined to be interviewed for this article. "All the stories that have been reported are pretty crazy and untrue," he said via text. "I'm getting all the facts extremely straight before I say anything." (A lawyer who represents Davis and his father said there were "massive inaccuracies" in a list of detailed questions sent by *Businessweek*, but he didn't respond again to specify what they were.)

Fortunately, a former associate of Davis stepped forward to become something of a whistleblower. And he said Davis wasn't the man pulling the strings.

Just after Milei's Libra blew up, the whistleblower, Moty Povolotski, co-founder of crypto startup DefiTuna, came forward to say that his firm had worked with Davis on memecoin launches and that he had evidence of a bigger conspiracy. He claimed the top executives of a crypto exchange were involved. Povolotski's story was hard to follow, but he seemed to be the only person willing to say what had gone on behind the scenes. He agreed to meet in April at Solana Crossroads, a crypto conference taking place in Istanbul, where he lived.

Povolotski showed up in black jeans and a black DefiTuna hoodie, with a big smile and a buzz cut atop his squarish head. Most memecoins, he acknowledged, are pretty much scams. "This was a rigged game," Povolotski said, nervously snapping his AirPods case open and shut. "This is a pump-and-dump scheme."

That hadn't stopped him from getting involved. According to Povolotski, Davis hired his firm to assist on the trading side with the memecoins he was creating. That in itself isn't suspicious—most people launching a cryptocurrency hire a specialist to help ensure the early trading goes smoothly. But from the start, Povolotski said, Davis' sole concern seemed to be making money for himself. When Povolotski's business partner at the time asked Davis on a group chat how to handle the trading for an upcoming coin, Davis said to sell as much as possible, even if that sent the price down toward zero. "Yeah fellas tbh we are trying to max extract on this one," Davis texted.

That was what happened with Melania's coin too. Davis transferred about 10 million of them to Povolotski's business partner, with instructions to sell them once they were worth $100 million. And, according to Povolotski, Davis asked them to hide what they were doing. "They said, 'Sell it anonymously,' " Povolotski recalled, giggling.

Two weeks later, he said, he visited Davis in Barcelona during the launch of another memecoin, Enron, named for the US energy company that collapsed two decades ago in a massive accounting fraud. At a hookah bar, Povolotski saw Davis' father show off an automated program he was using to secretly snipe the coin.

Povolotski said his former business partner was the one who'd mostly handled the trading for Davis, and he said he cut ties with both of them after what he saw in Barcelona. (The business partner, Vlad Pozniakov, didn't respond to messages, and his old phone number was disconnected.)

Asked who else Davis was working with, Povolotski said he often referred to instructions from another man—an executive at Meteora, a crypto exchange. Meteora, Povolotski added, would help explain how the Trumps made so much money so quickly. It was a larger and more customizable platform than Pump.fun, and though it wasn't exclusively for memecoins, Trump, Melania and Libra had made their debuts there.

Meteora's co-founder is the guy with the astronaut cat avatar: Meow. People who've worked with him said he's also the exchange's boss, though he doesn't have a formal title there. Povolotski said that when he first met Davis, at a party in Singapore in September 2024, it was Ben Chow, then Meteora's chief executive officer, who made the introduction. He said that Chow seemed to be closely involved in the big memecoin launches on the exchange and that he was the one Davis would invoke in texts and on calls.

After the Milei coin blew up, Povolotski confronted Chow. On a video call, which Povolotski recorded and showed *Businessweek*, he told Chow he suspected Davis had been running what might have amounted to pump-and-dump scams. He also said it had seemed at times like Chow and Davis were partners: "He'd say, 'Oh, Ben said this. Ben said that. Ben said it's launching this. Ben said she's gonna tweet,'" Povolotski said.

Chow seemed surprised on the video call when Povolotski accused Davis of scamming. "I feel so sick," Chow said, moaning. But he didn't dispute that they were close, and he acknowledged referring business to Davis. "I make connections, right?" Chow said. "The Melania team, you know, needed help with stuff. Made connections with Hayden."

If Chow and Meteora had made that connection for Melania, had they played the same role for Trump? Povolotski wasn't sure. But he told *Businessweek* he didn't believe Chow's claims of ignorance. "Bogus schmogus," he said, waving his hand dismissively.

After the call, Povolotski said, he'd contacted Meow, seeking answers. When Meow ignored his inquiry, Povolotski shared the video of his call with the crypto publication SolanaFloor. Chow resigned amid an uproar. (Neither he nor his lawyer responded to requests for comment.)

Businessweek asked Povolotski if Meow would know who was behind Trump's coin and how it had generated so much profit. He fell silent. For a full 15 seconds, he cycled through expressions and body language that increasingly made it seem as though he was restraining himself from saying something: He grinned, raised his eyebrows, turned his hands up, shrugged, stared, shrugged even higher. Finally, he just raised his hands and smiled.

It was time to track down Meow.

He wasn't hard to find. Among memecoin traders, Meow was a celebrity. In addition to founding Meteora, he'd started a popular crypto trading app called Jupiter. Earlier this year, *Businessweek* happened upon him in an online chatroom where TV personality Nick Cannon was promoting a memecoin for Cannon's improv game show *Wild 'N Out*. "If you have the right amount of attention, you can generate a lot of money, but that's a double-edged sword," Meow said. "Literally, we are creating a new financial system. But you also attract all the worst f---ing people in the world."

"We talking to the boss-boss!" Cannon later exclaimed. The coin's price collapsed a few days later.

Just after Trump's inauguration, Meow drew more than 1,000 people to Istanbul for a conference. He called it Catstanbul, and it was a celebration. It may also have been a post-Trump-coin victory lap for Davis. He said in the text messages reviewed by *Businessweek* that he was spending time with Chow and Meow "24/7."

Catstanbul culminated with a 15-foot-tall cat sculpture set aflame, Burning Man-style. Its eyes glowed red in the background as Meow posed for photos with his fans.

On his personal website and in his podcast appearances, Meow would wax philosophical about the crypto free-for-all he'd helped create. He imagined something he called GUM, for Giant Unified Market, where anyone in the world could trade any asset, and he cast creating new forms of money as key to a more equal future. Memecoins, he argued in one essay, aren't a scam but "harbingers of a new era in digital connectivity and cultural expression." In another, he compared creating a cryptocurrency to establishing a religion. "All you need for a new religion or god is pretty much a new symbol, backed by the corresponding community and narratives," he wrote. "And I think it's really fun! After all, why should warlords have monopolies on creating societies or central banks on creating money?"

For all Meow's anonymity cosplay, his real name was online. His website listed several startups he advised, one of which had identified him in a press release, which in turn led to several abandoned social media profiles. Meow turned out to be a guy in his 40s from Singapore named Ming Yeow Ng.

After an exchange of text messages about memecoins and presidents, accompanied by a photo of a family cat, Ng agreed to meet. *Businessweek* suggested a cat cafe near his office in Singapore's Chinatown neighborhood.

Ng limped up to the cafe in a T-shirt, linen pants and flip-flops. He'd just returned from Nepal, where he'd twisted his ▶

"Money can be infinite. What if we can actually create a money for every problem?"

◀ knee on a hike with a YouTuber who'd taken him to try a supposedly hallucinogenic honey. Inside, a few teenagers chatted and dangled toys in front of languid cats. Ng was eager to discuss a new essay he was finishing. All financial assets are basically memecoins, he said, in that they depended on a shared belief in something. As he saw it, this was true even of the US dollar. "It's a f---ing memecoin," Meow said, slapping his hands on the table, eyes wide. "Everything is a memecoin."

Raised in Singapore, where his parents ran a food stall in a hawker market, he'd studied computer engineering there. In the late aughts, he spent time in San Francisco creating a service called Mr. Tweet that helped users find people to follow on Twitter, something the app didn't provide at the time. Back then, he went by the nickname Steve.

Ng said he'd learned about crypto at a Dogecoin-themed party. He was enthralled. In 2021 he launched a crypto app, Mercurial Finance, backed by Sam Bankman-Fried's hedge fund. After Bankman-Fried was revealed to be running a massive fraud, Ng rebranded the app Meteora. He wrote in an essay at the time that he was angry at himself for "staying quiet through all the garbage I've seen" and "blindly participating" in what he called "skanky shit."

Meteora is used to create and trade all kinds of cryptocurrencies, not just memecoins. But the boom in the latter has been particularly good to Ng. About 90% of the exchange's $134 million in revenue from the past year has come from memecoins, which generally carry higher fees, according to data from crypto research firm Blockworks Inc. Ng said that in a sense this market is more "pure" because it reflected the value users assigned to their beliefs and nothing more. "I'm very, very uninterested in moralistic arguments," he said. "I'm all about practical observations. Like, if you bought Fartcoin a few months ago, you can buy a lot more stuff with it now."

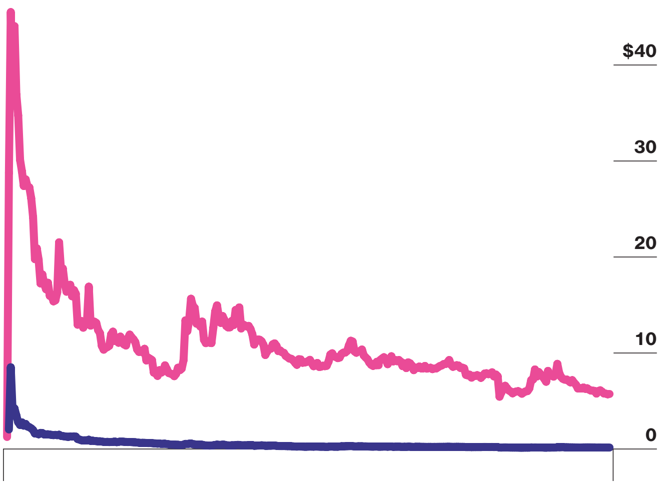
When talk finally turned to the Trumps, Davis and the role Ng's companies had played, Ng had less to say. "What if I told you it was actually a lot more boring than you think?" he said, scrunching his eyes into a pained expression. "Would you believe me?" He said someone from Trump's team—he wouldn't say who—had contacted Meteora before the launch to help get the coin set up. But he said the help Meteora provided only amounted to "tech support." He said his team didn't engage in any trading or anything inappropriate. "There were no under-the-table dealings whatsoever," he said.

"It's engineered by highly capable people to be a maximum-value extraction machine"

Rise and Fall

The Trumps' memecoin prices since launch

Trump / Melania



Ng said that his decentralized platforms were designed to let anyone start any coin and not to police their intentions. An innovation like Bitcoin never could have been created in a tightly regulated system. "We really cannot and should not control a lot of things," he said, as a gray and white cat climbed onto the railing and started pawing at his phone.

He argued that it was unfair to judge the whole crypto industry by its scams—that would be, as the old saying goes, like throwing the baby out with the bathwater. Then he expanded on the metaphor. "The dog pooped in it, the baby pooped in it, there's E. coli, but there might be a baby in there. I'm saying there's a baby."

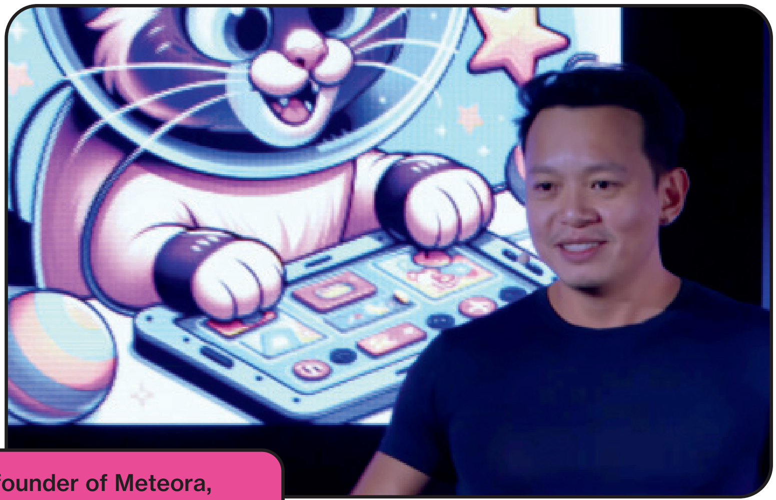
In that vivid metaphor, the promoters like Davis who flooded the market with coins that swiftly crashed seemed to be the poopers. Had Ng ever told him to get out of his tub?

Ng said he'd only met Davis once, for 20 minutes or so, and didn't know what he was up to. "It was hard to tell," he said, adding that his team wasn't involved in Milei's coin launch at all.

The discussion continued around the corner, at a Jupiter office above a noodle shop. The rickety wooden stairs to the second floor were lined with shoes. Inside, 30 or so men and a couple of women typed away on laptops. Ng squealed with delight when one of the workers demonstrated a new QR code feature by sending some Fartcoin. He chomped on some barbecued pork jerky as another developer showed off a prototype intended to make it even easier to create coins. She'd just made one called "Pony Fart Empire."

The encounters with Ng continued for a few days, circling the topics of Davis and the Trumps' coins to Ng's apparent frustration. He said the big memecoin launches hadn't actually been that important to his business. (The weekend Trump launched was Meteora's second-biggest ever, Blockworks data show.) And he said his plans were a lot bigger. “Money can be infinite,” he said. “What if we can actually create a money for every problem?”

At a hawker market, over noodle soup, he said he was simply focused on creating the best technology for making and launching coins, not controlling what people did with them. And if memecoin trading looks more like a casino than his utopian vision of the future, well, that's the world we live in.



Meow, co-founder of Meteora, at Solana Crossroads in 2023

“Crypto is actually a microcosm, right? A reflection of what the world wants,” Ng said, ladling fish balls into his bowl. “The world wants to make money instantly. The world wants to not work for things.”

Perhaps Ng was right. Certainly, someone had wanted to make money instantly when the Trumps created their coins. But as those coins' prices had declined month after month, and few celebrities popped up to seize gamblers' attention, memecoins lost their appeal. As of November, total trading of memecoins was down 92% from a January peak, according to Blockworks data. Buyers kept getting rinsed, over and over, until they were cleaned out.

In June, Fight Fight Fight had announced it would create a new Trump crypto trading app. But the president's sons denounced it, saying it wasn't endorsed by the family, which was working on its own crypto app. Zanker's latest plan, announced in early December, is a mobile game called Trump Billionaires Club that involves Trump's memecoin. The news didn't jolt the price. As of Dec. 10, Trump's coin was down 92% since its peak, to $5.90, and Melania's was down 99%, to 11¢—almost a complete wipeout.

Davis has become an outcast, not easy in an industry that generally thumbs its nose at rules. His location is unknown, and his social media has gone quiet, though blockchain data shows that his wallets are still trading memecoins.

As for Ng, Meteora issued its own cryptocurrency in October. Its total market value is more than $300 million.

As long as the people who helped issue and promote the memecoins aren't talking, never mind the Trumps themselves, it seems unlikely anyone will find out exactly how they made so much money so fast. With the stock market, when someone makes a suspiciously big score, there are regulators who can pore over trading records and demand copies of private messages to look for evidence of manipulation. That's not happening anytime soon with memecoins.

One lawyer in New York, Max Burwick, has been trying to hold memecoin markets and creators accountable. Acting on behalf of traders who lost money, he sued Pump.fun in 2025, calling it an “insider-rigged casino.” In another lawsuit, he went after Davis, Chow and Meteora, arguing that the platform and executives repeatedly engaged in “pump-and-dump” fraud. The lawsuits, which are pending, don't allege wrongdoing by the Trumps or Milei. All of the defendants have denied the allegations. A lawyer for the Davises said in a filing that Milei's token wasn't a scam, and they hadn't made any promises it would go up. Chow's lawyer said he'd simply helped create Meteora's software and wasn't involved in illicit activity, if there was any.

The people behind the memecoin boom have earned hundreds of millions of dollars by exploiting unwitting traders, Burwick told *Businessweek*. “It's engineered by highly capable people to be a maximum-value extraction machine,” he said.

Trump and his family have moved on to a diversified portfolio of conflicts of interest, though they continue to dispute that their finances affect administration policy. The president has pushed plans for the US government to acquire a “strategic reserve” of Bitcoin; his son Eric has a Bitcoin mining company. The administration has moved to sell fighter jets to Saudi Arabia; the family has licensed its name for a seaside skyscraper in Jeddah. Trump pardoned billionaire Changpeng Zhao; Binance, the crypto exchange he co-founded, provided key support for another Trump crypto venture. (Everyone involved in Zhao's pardon has denied there's a connection.)

Many of the influencers who once promoted memecoins have moved on too. Some are instead pushing a new place to wager: prediction markets. Under Biden, regulators had largely blocked these as illegal gambling, but the Trump administration has taken a more permissive attitude, and the Trump family has gotten into the business. On Polymarket, where Donald Trump Jr. is an adviser, and on Kalshi, where he's also an adviser, users can place wagers on sports, elections and pretty much anything.

Polymarket is even offering bets on whether Hayden Davis will be jailed this year. The odds are low. ■ —*With Muyao Shen and Ignacio Olivera Doll*

■ PHOTO: YOUTUBE ■ DATA: COINMARKETCAP. PRICES ARE AS OF 7 P.M. NEW YORK TIME AND DON'T REFLECT INTRADAY HIGHS

PURSUITS

TRAVEL SPECIAL

WHERE TO GO IN 2026

OFFBEAT ESCAPES, NEXT-LEVEL ADVENTURES AND CLASSICS WITH A TWIST: HERE'S YOUR BUCKET LIST FOR THE YEAR AHEAD

WHERE TO GO

THE UNITED STATES OF TEXAS

THE ENDLESSLY COMPLICATED, BEGUILING LONE STAR STATE IS SO 2026

BY HANNAH ELLIOTT

IT'S 11 A.M. ON A WEDNESDAY, and Liz Lambert is regaling me with tales of Texas.

"The American West doesn't feel so mythical to me," says Lambert, a seventh-generation ranching scion who grew up in West Texas. "That was my home." We're sitting at a cafe in Clarksville, an Austin neighborhood only a couple of miles from Sixth Street's notorious theme bars, but the carefully curated shops are giving hipster more than bachelorette party.

Lambert gained prominence in the early 2000s with her Texan boutique hotels, particularly Austin's Saint Cecilia. With her partners at MML Hospitality, she's now developing new restaurants, residences and retail elsewhere in the city, including a 2½-acre project called Sixth&Blanco, set to open in 2027.

But we're discussing something more ephemeral than business: Texas as an idea. Because with 32 million residents and a history intertwined with the birth of the US, the state itself is impossible to confine to one label. If this place conjures rodeos and cold beer, it also offers the PGA Tour, space exploration and $1.5 billion in Hollywood film incentives.

The US celebrates its 250th anniversary in 2026. Texas-flavored appearances on the global stage will include Dallas and Houston co-hosting the FIFA World Cup, a fan-favorite Formula One race in Austin and the opening of the Texas Stock Exchange, aka Y'all Street.

The state also remains a focal point in national politics as the US braces for midterm elections. Texas has become a standard-bearer for Republican policies on guns and immigration. Then again, Kamala Harris earned more votes in Texas in the 2024 presidential election than she did in reliably blue Illinois and Colorado combined. For better or worse, this year the state will be the prism through which much of the world experiences the complexities of our union.

Which is fitting, because the mythology and images of Texan culture are often what those abroad envisage when they imagine America: It's vaqueras and venture capital, overpriced French furniture and oversize pickup trucks, barbecue and banh mi. If California is the future of America, as is often claimed, Texas is where we are now.

I decided to drive through the heart of the Lone Star State for eight days in October. Even though I attended university in Waco, the sheer scale of the place is easy to forget.

The variety of thought and creed has deepened in numerous ways since I left 20 years ago. It has constricted in others. Democrats dominated Texas politics for almost 120 years after Reconstruction, but the state turned Republican red in 1994 when Ann Richards lost her bid for reelection as governor to George W. Bush. Since then it's been a conservative stronghold, courting industry with no state income tax while enacting some of the strictest abortion laws in the country.

But the bubbles surrounding institutions like Rice University have long

■ PREVIOUS PAGE: ISAIAS MICIU. THIS PAGE: MANOO SIRIVELU FOR BLOOMBERG BUSINESSWEEK

been lefty hideouts, and Dallas isn't the only town that has a vibrant gay scene. Although Texas A&M University is curbing discussions on gender and race, and current Governor Greg Abbott is endeavoring to redraw more Republican districts, I'm in Austin all of five minutes before I start seeing "Mothers Against Ted Cruz" signs on picket fences.

Marfa, Midland and McAllen are cities as different as gas, charcoal and firewood, but they're each emblematic of Texas. Whatever you think you know about the state, layer on top centuries of Tejanos and native tribes, sports heroes and socialites, billionaires and brainiacs. And the birthplace of Matthew McConaughey and Michael Dell, Beyoncé and both Selenas (Quintanilla and Gomez) is only gaining momentum.

In the next 12 months, we'll see the debut of the National Juneteenth Museum and a $19 million renovation of the National Cowgirl Museum & Hall of Fame, both in Fort Worth. Near Austin,

THE STOCKYARDS CHAMPIONSHIP RODEO CAPTURES THE CLASSIC IDEA OF TEXAS

the Four Seasons private residences will approach completion, and a 600-acre Canyon Ranch wellness resort focused on women's health will open.

Goldman Sachs Group Inc. and other finance heavy hitters are descending on Dallas in droves, and the state is becoming a global artificial intelligence hub, with its vast land and electricity stores luring multibillion-dollar data centers for OpenAI, Oracle and Meta Platforms, among others. Star restaurateurs from San Francisco (Dominique Crenn) and New York (April Bloomfield) are coming to feed a growing population of the wealthy, such as *Yellowstone* creator Taylor Sheridan and tech titans Elon Musk and Jeff Bezos, who've been drawn to the state by its generous tax structures.

With everything happening in 2026, a journey through the wilds and ritz of Texas offers a more fascinating proposition than many of America's more famous road trips. For travelers who dare take it on, exploring the second largest of these united states may feel like entering another world.

Everything is bigger here, especially the contradictions. But don't let that deter you. Understanding the Texan mentality helps contextualize a moment when people find America more exasperating than ever. After all, the state has flirted with secession, born of a devil-may-care attitude that endears itself to some and repels others. That strong independent streak is part of the backbone that formed our country—at least that's what I tell myself as I climb into the Ford Expedition King Ranch I've borrowed, pulling out of Houston's George Bush Intercontinental Airport.

"Friendship" is the state motto, but Texas also comes with a warning: Don't mess with me. The trick to uncovering its soft underbelly is to break it into ▶

◀ bite-size bits. So I plan a series of drives under 300 miles. I don't get to every corner—you'd need far longer than eight days for that—but I get a strong dose.

THE NATIONAL COWGIRL MUSEUM CELEBRATES WOMEN OF THE WEST WHO WERE MAVERICKS. A MULTIMILLION-DOLLAR RENOVATION IS UNDERWAY

I start in **HOUSTON**, ensconcing myself at the stylish Hotel Saint Augustine, not least because it sits across the street from the exceptional surrealist and Indigenous art of the Menil Collection and the sacred silence of the brutalist chapel that houses 14 jumbo paintings by Mark Rothko. Both are free and worth a day of contemplation.

Later I eat at Perseid, an elegant newcomer that specializes in French cuisine with a Gulf Coast twist, like red snapper with pine nut gremolata and escargot in a flaky, buttery puff pastry shell. It's the standout meal of my trip. With more than 13,000 restaurants drawing on the cuisine of 70 countries, Houston boasts a deep diversity that makes it one of America's most enticing culinary cities. (Combined, minority groups first came to represent more than half the state's population in 2004. Texas is home to the second-largest Indian and Latino populations in the US after California.)

From there I head 100 miles west to **ROUND TOP**, the dusty town overrun twice annually by flea market traders hawking 19th century religious icons, wooden muskets and faded flags, as well as hand-hewn tables big enough to feed Davy Crockett and his men. You can buy tickets to the Original Round Top Antiques Fair, though you don't need to. Some of the best items—rusted metal gas station signs, leather fringe jackets, wooden garden chairs—are simply arranged under tents alongside the road, near where the gaggles of shoppers park. I follow them and dive in. Cash and credit are accepted. Good old-fashioned Texas haggling is encouraged. But you won't find basement bargains here: Round Top is too well-known now by buyers on the antiques circuit.

"Half of LA is here," one bemused vendor tells me. The same could go for Texas itself. From 2020 to 2025, more than 200 companies moved their headquarters here, according to data that research company Buildremote LLC compiled. More than half came from California. Among them: Charles Schwab, Hewlett Packard and Oracle.

Another 110 miles down the road through La Grange (yes, like the ZZ Top song) brings me to **WIMBERLEY**, a slice of big sky heaven tucked into verdant Hill Country. I spend the night there counting shooting stars (I see plenty) on the deck of my tree house at Onera, a bewitching retreat with soft pink sunrises and solitude. This is where Texas begins to feel as intimate as a hot tub built for two. At $370 per night, Onera is far less expensive than Big Sur's Post Ranch Inn in California, but it feels just as indulgent.

After a quick detour through San Antonio, it's onward to **AUSTIN** for shopping on South Congress Avenue, plus the official F1 pop-up store before the Grand Prix that happens every October. (Go! It's fun.) The town isn't the hippie enclave it once was, filled as it is with Porsches and Waymos and an Equinox gym near one of the three Hermès boutiques in the state. Construction abounds.

But the smell of leather still hits you when you walk into the shops. Lucchese Bootmaker offers hundreds of handmade boots coveted by cowboys and cosplayers alike ($795 for a pair in caiman or $895 for the full quill ostrich ropers). Or try a midshin American alligator Original Exotic silhouette in cognac ($3,995). Italian immigrant Salvatore Lucchese co-founded the brand in San Antonio in 1883 to supply the cavalry at Fort Sam Houston and earned a reputation for craftsmanship. Even today, getting your bespoke pair can take as long as a year after fitting.

Calf-skin ropers in bone ($275) from Tecovas, a newer boot company manufacturing in León, Mexico, fit the bill and budget for me. I wear them later as I stand on a footpath along the Colorado River and see a cauldron of bats scatter from their roost after a gold-dust sunset. The next night I watch them from my terrace at the Four Seasons Hotel Austin, mesmerized by the fading light as rowers call out their strokes on the water.

Seven restaurants in Austin have earned Michelin stars, but I find the fresh simplicity of Elizabeth Street Cafe a welcome reprieve from the fussiness of fine dining. Its green mango and cucumber salad provides a balm in the midday heat. Later, a Boulevardier at the eight-seat bar at Jeffrey's—serving French classics since 1975—massages away any strain from my drive. Yes, the Tex-Mex and barbecue here are plentiful

■ MUSEUM: JOERG HACKEMANN/ALAMY. SPYGLASS DWELLING: COURTESY ONERA and cheap, but it's unexpected gems like this that will most surprise and delight the curious visitor.

The next 200 miles north are a woodsmoke blur of livestock and live oaks, $2.37-a-gallon gas stations, Whataburgers and roadside Bible churches. I drive to DALLAS AND FORT WORTH, cities that sit 30 miles apart by measure and quite a bit further by mentality. It's a long-running rivalry. Good-natured, mostly.

"Fort Worth is unique in its willingness to celebrate its cowboy and cowgirl culture," says Patricia Riley, the executive director of the Cowgirl Museum, as she leads me past Annie Oakley's gun. "Dallas," she says, "would never." She's implying that the city considers itself far too cosmopolitan to embrace anything so grounded as ranch work.

Riley is not wrong. Dallas shopping at Highland Park Village rivals Rodeo Drive in its designer wares and the augmented aesthetics of its clientele. Big D boasts two Michelin-starred restaurants but shines best as the city where you'll find the latest and greatest from elsewhere, such as Carbone and Drake's, Sadelle's and STK, all chockablock with the city's 380,000-plus finance workers. Ayat, the beloved New York City Palestinian eatery, is planning an outpost here too. I eagerly dig into the grilled cheese canapes and truffle scarpinocc at Mister Charles in the lively Knox/Henderson neighborhood.

My final destination on this Texas trip is Fort Worth. The Old West feels closest here at the former Army outpost, which still runs the oldest annual livestock show and rodeo in America, held since 1896. Ranchers walk longhorn cattle twice daily through the stockyards.

Fifty bucks for the cheap seats at the Stockyards Championship Rodeo at Cowtown Coliseum is worth it. During the national anthem, a lone cowgirl on a horse with a flowing mane gallops around the arena carrying a big American flag under a single spotlight. Cowboys with names like Jagger Roach and Jade Taton hit the dust hard in bronc riding for a $1,000 payout at night's end.

Cowtown (a Civil War-era nickname that stuck) also embraces a new energy, mixing internationally acclaimed riders, hardened grangers and gawkers like me. Riley describes the mix as the *Yellowstone* halo—Hollywood's synthetic version of the West. Sheridan's *Landman* series is just the latest Texas-fried hit that's proved so alluring: It makes folks want to experience the grit and glory themselves. At the buzzy bar of the Hotel Drover, the mullets are so well coiffed that they could have come from a Fashion Week runway. Glossy women in miniskirts and fringe recall Cowgirl Barbie herself.

After the rodeo, I duck into Billy Bob's Texas honky-tonk in the stockyards, where a diverse bunch of 6,000 giddy young two-steppers sings along with Rihanna on the speakers before going insane when country star Ella Langley takes the stage. I haven't felt that level of sheer happiness in a long time.

As Langley hits the first notes of *Nicotine*, I remember how Lambert, the West Texas native, described the state she and her wife and their child proudly call home, despite its paradoxes.

"A real proud sense of individualism still exists here," Lambert told me as she took a last swig of coffee, revealing a single black line tattooed in the shape of the Lone Star State on her forearm. "But what is so important is also that sense of community, because when you are in a place where you are a little further spread out, you are really reliant on your community."

During my week on the road, I felt that duality. It's the thread that weaves the reality and the myth of the West into the very fabric of our culture—the legend of America, as told by the Republic of Texas. Ⓑ

THE SPYGLASS DWELLING AT ONERA IN WIMBERLEY PLACES VISITORS IN THE TREES OF TEXAS HILL COUNTRY

WHERE TO GO

BIG THRILLS AHEAD

THESE TRAILBLAZING TRIPS ARE FIT FOR ADVENTURERS OF ALL SPEEDS

ISAIAS MICIU

● GO LAND SAILING IN BARREAL, ARGENTINA

Barreal, a town 140 miles north of Mendoza, is known to few Argentines and fewer international tourists. Its charming adobe villages are surrounded by the towering Andes Mountains, lunar desert plains, lush vineyards and caves etched with prehistoric art. You can visit family-run bakeries and cheesemakers, taste craft cider and local wine, or simply take in the grand landscape while picnicking in the Pampas. At night, the area's skies are some of the darkest on Earth, so the stargazing is stupendous. In other words, there's plenty for visitors seeking culinary, cultural and even hair-raising adventures.

Until recently, coming here mostly meant roughing it in humble inns or camping out in the vast national parks and other protected areas, such as Pampa del Leoncito, an immense, windswept plain that's the only remaining trace of an ancient, flat-bottomed lake. Beautiful, but not for everyone.

Now something big is percolating in this little-known corner of South America, as it starts to welcome its first five-star comforts. That's thanks to a powerhouse of new hoteliers that includes former government minister Marcos Peña; Emiliano Ezcurra, the country's vice president for national parks; and Maita Barrenechea, the travel adviser other travel advisers turn to for all things Argentina. They recently renovated an old riverside lodge in the area called Posada Paso de los Patos, which opened in September. Its 10 antique-filled rooms are stocked with locally made hats and ponchos to

keep guests warm on treks, and chefs who set up fire-cooked, malbec-paired meals under a vast canopy of stars. The biggest thrill it offers? It's one of the only places on Earth where you can try land sailing, a competitive sport that involves steering an engine-less tricycle with a giant sail across the white desert flats at speeds as high as 75 mph. —*Nikki Ekstein*

● HIKE THE SEAFLOOR IN OMAN

Only in Oman can you go horseback riding one day, across curls of orange sand that crescendo into jagged peaks, then snorkel among sea turtles the next. The relatively small country–roughly the size of New Mexico, with a population of around 5 million–might not boast nine-figure gigaprojects or megatall skyscrapers like its Saudi and Emirati neighbors. But what it lacks in architectural embellishment it more than makes up for in breathtaking natural beauty.

To the west is the iconic Wadi Ghul, or the Grand Canyon of Arabia; to the south, at Wahiba Sands, you can explore a sea of golden dunes, some undulating as high as 300 feet. And starting in 2026, you'll be able to enjoy these sites from a circuit of three new hotels called the Malkai, which will offer a journey revealing the breadth of the sultanate's landscapes and rich heritage.

Also opening in 2026, and drawing inspiration from the safari camps of Africa, is Envi Al Sifah. It will have 40 luxury expedition tents, a swimming pool and a sprawling spa set along an isolated beach where the desert meets the sea–and it's only 45 minutes by car from the capital city, Muscat. From here guests can enjoy scenic daytime adventures such as scuba diving, paddleboarding and sailing on traditional masted dhows. Evening soirees will feature local cooking and traditional *maqamat* music.

Extend your trip to stay at the legendary Six Senses Zighy Bay in the Musandam Governorate, where towering red cliffs flank a private beach and the spa is fresh off a major expansion. The fjord-rich region around it is separated from the rest of the country and juts into the Strait of Hormuz.

But hiking here should really top your list. Oman has one of the world's largest complexes of ophiolites–craggy chunks of oceanic crust that thrust into the earth when tectonic plates collide. Climb their rough, steplike surfaces, and you'll be walking the ocean floor–but on dry land. —*Brandon Presser*

LAND SAILING AT PAMPA DEL LEONCITO

● TRY A "SURFARI" ON ROTE ISLAND, INDONESIA

When hotelier James McBride and American entrepreneur Christopher Burch opened Nihiwatu on remote Sumba Island in 2015, they redefined surfing as not only an active pursuit but also a luxurious cultural experience. The resort, which would become one of the most raved-about five-star hotels in the world, merged epic breaks with high design and a properly wild setting. Travelers could have breakfast served on a floating tray in their private pool, swim with Sumbanese ponies, learn to spearfish with locals or trek through rice paddies. Now the brand's first spinoff is aiming to one-up that success some 100 miles east, on Rote Island.

If the original Nihi rethought the surf vacation, Nihi Rote is poised to rethink what hospitality can look like in a truly remote place. When it opens in April, the resort will have 21 thatched villas, a beach club with an infinity pool and fish-market-style barbecues for dinner. It will also include a hospitality academy for Rotenese locals to learn the skills of a trade their island hasn't yet seen. Upon arrival, guests will check in within the academy and engage with the students. "The idea is for community and resort life to be seamless," McBride says.

Locals might guide guests on surfaris, where they boat out to waves that suit their ability. The same wind that powers those breaks makes Rote a perfect place to learn the up-and-coming sport of wing foiling: You hover on a board just above the ocean's surface, pulled through the breeze by a hand-held sail.

Getting here is an adventure too. It will require flying to Kupang, on the Timor island chain of Indonesia, then taking a 30-minute air transfer. But the payoff is spending days riding waves devoid of other tourists, catching barracuda and wahoo, and diving with whale sharks. The bonus: You'll be contributing to a new model for hospitality that prioritizes a truly community-led experience. —*Jen Murphy*

SCOTT DUNN

WHERE TO GO

THE EUROPE YOU DON'T KNOW

FIVE UNEXPECTED IDEAS FOR YOUR NEXT CONTINENTAL ESCAPE

BY JACKIE CARADONIO, NIKKI EKSTEIN AND SARAH RAPPAPORT

THE NEXT BIG TRAVEL HOT SPOT in Greece requires no $1,000-a-night room, no jostling for a beach club reservation, no crowded ferry to a remote island. In fact, it doesn't involve islands at all. Far from the *thump-thump-thump* of Santorini and Mykonos is a region of traditional farms and cheesemakers, thousand-year-old monasteries carved into rock faces and old stone buildings galore. Welcome to **THE GREEK MOUNTAINS**.

As far as they may be from the islands, in geography and spirit, northern Greece and the inner Peloponnese contain many of the same culinary delights and luxury pursuits as their Ionian and Cycladic neighbors—and then some. At the Grand Forest Metsovo, in the northwestern Pindus Alps, for example, you can swim in a hilltop infinity pool, then bicycle past thickets of black fir trees and taste cabernet sauvignon from high-altitude vineyards. Metsovo and other mountain towns are already beloved by Greeks as wintertime hangouts. Now luxury travelers tired of shvitzing through the extreme heat of the Mediterranean summer are also catching on. For the first time in more than a decade, the hotel's proprietors are seeing as many warm-weather bookings from Americans as they are from locals.

Only so many new resorts can open to meet the growing demand: In 2022 the Greek government put mountain habitats under environmental protection laws, halting further construction to prevent overdevelopment and, worse, overtourism. It means a spate of recently opened (and still low-profile) projects may be the last of their kind.

One of them, Manna, is a five-star hideaway with 23 rattan- and

SARDINIA'S PORTO FLAVIA

linen-decked rooms in the fir forest of Arcadia, about a 2½-hour drive west of Athens. A 46-mile network of hiking trails connects it to a string of charming, postcard-size villages. Whether you choose Manna or one of its fresh competitors—the spa-driven Euphoria Retreat, perhaps, or the plush farm digs at Opora Country Living—chances are you'll stay far from the crowds and under a $500 nightly rate.

This kind of getaway mirrors broader trends playing out across Europe. Travelers are reconsidering overcrowded, overheated classics in favor of quieter, often cooler spots. Take Spain. Given how the jet set can't get enough of the country, it's safe to assume its least explored tourist frontiers won't stay under the radar for long. Prime among them: **EXTREMADURA**, an area the size of Switzerland in between Andalusia and Portugal.

The main town, Cáceres, is a patchwork of terra-cotta homes and stone palaces founded by the Romans and encircled with Moorish ramparts and towers. Its best-regarded restaurant, Atrio—which dares to include jámon Ibérico in almost every one of its 22 courses—earned three Michelin stars in 2025, an accolade that makes a place a destination unto itself.

Both Atrio and Cáceres are ready for that. First the restaurant's owners opened a hotel with 14 spartan rooms; then came 11 sumptuous suites with arched ceilings next door. Now, Hilton has settled in nearby, with the September opening of Palacio de Godoy, a 73-room Curio Collection hotel whose design punches above its weight.

Cáceres has also become an essential stop for the art crowd: The Museum of Contemporary Art Helga de Alvear, which opened in 2021 as a home for its namesake founder's private collection, has monumental works by Ai Weiwei and Picasso. And train buffs will soon be able to get there via Spain's Al Andalus, one of a skyrocketing number of five-star rail experiences across Europe.

But perhaps you want to explore by yacht, a trend that's showing dramatic growth throughout Europe as smaller boats with divine interiors—and a boom in hotel-run cruise companies—make the pursuit a bit more accessible. For that you'll want to head to new corners of (where else?) Italy and France.

While the *White Lotus* wannabes have been busy conquering Sicily, some travel insiders have figured out that neighboring **SARDINIA** has almost as many megayacht marinas, powder-white beaches and five-star hotels with a sliver of the crowds. A surefire sign of increased demand here is simple: more nonstop flights. In May, Delta Air Lines Inc. kicks off direct service to Sardinia from New York; the Italian isle beat Ibiza in a survey that asked SkyMiles members to vote for new destinations.

Those loyalists will undoubtedly beeline to the glamorous Tyrrhenian region of Costa Smeralda, which the Aga Khan made famous in the 1960s. Among the OGs here is the standard-setting (and newly renovated) Belmond Hotel Romazzino. By summertime the area will also welcome a secluded 83-room Mandarin Oriental set back in the forest.

Yet what makes Sardinia truly distinct is its Blue Zone designation, which recognizes a lifestyle so healthy, many people here live past 100. (Locals would tell you the antioxidant-rich Cannonau di Sardegna wine has something to do with this.) Its prehistoric sites have aged well too: There are more than 7,000 of them to explore, including the mysteriously complex "beehive" towers, named for their conical shape and intricate stonework.

CORSICA, Sardinia's French neighbor to the north, is similarly appealing. Mountain town Zonza displays neo-Gothic architecture and Romanesque churches—and happens to be the location of the six-month-old, 20-suite Domaine Le Mouflon d'Or, a Relais & Châteaux hotel with exposed wood ceilings and crystal chandeliers. On the northern tip of the island, near the pastel-hued fishing port of Saint-Florent, the intimate Basgi Basgi hotel has a pine-shaded pool lined with frilly umbrellas and 28 breezy rooms decorated in earth-toned fabrics. On the western coast, in the 17th century Greek village of Cargèse, you can stay at the clifftop Mylos, a whitewashed newcomer whose sea-view restaurant pairs local brocciu cheese and Corsican veal with the island's minerally wines.

The easiest way to see it all is from the water—particularly on the *Orient Express Corinthian*, which, at 226 feet long, will be the world's largest sailing yacht when it arrives in the summer of 2026. Its Corsican itineraries will overnight in Propriano, Calvi and other ports. The goal is to offer deeper explorations of the towns' stunning beaches, ancient citadels and glamorous marinas—places few travelers ever get to see.

Scotland, a country with as many islands as Fiji, is another wonderful place to explore by boat. **THE HEBRIDES** archipelago off the west coast includes 500 rugged islets where you can gorge yourself on buttery lobster rolls and hike up cliffs to get a look at Britain's largest colony of puffins.

In spring 2026 a new cruise from high-end outfitter Abercrombie & Kent will tour the area, where the accommodations are otherwise quite rustic; its 148 guests will enjoy dedicated butler service and other perks, and when they disembark, they'll be able to explore a 1,500-year-old abbey on Iona or the abandoned seaside settlement of St. Kilda.

The Hebrides are also becoming easier to access by plane. Summer 2026 will welcome nonstop service from Toronto and Newark, New Jersey, to Glasgow, from which you can get a 45-minute connection to Islay. That's where LVMH Moët Hennessy Louis Vuitton SE has recently opened the 12-room Ardbeg House; its $300-per-night rates include distillery tastings of the island's peaty spirit.

Of course, with Scotland's history and culture spanning millennia, not every reason to go to the Hebrides is served on the rocks. Some just *are* rocks. On the Isle of Lewis, the Calanais Standing Stones, which predate Stonehenge, are thought to have been a ritual space for Druids. And don't forget the shooting stars that blaze overhead. They're known to put on extravagant nightly displays thanks to the isles' famously dark skies. Ⓑ

WHERE TO GO

BEYOND THE MONARCHS

THE BUTTERFLY MIGRATION HUB OF MICHOACÁN, MEXICO, PLANS ITS NEXT ACT

BY JEN MURPHY   PHOTOGRAPH BY ANGIE SMITH

LUCILA MARÍN GARCÍA HUNCHES over an old Singer sewing machine in her home on the outskirts of Crescencio Morales, a village in the Mexican state of Michoacán. Her daughter and niece sit next to her, hand-embroidering traditional sashes using a fine cross-stitch called the *lomillo*. The technique belongs to García's Indigenous Mazahua community, whose roots here stretch to the 12th century.

The Day of the Dead, a Mexican festival honoring the deceased, is two weeks away, and the Garcías, along with three other families, are responsible for making the traditional costumes—shawls, skirts, sashes—for the 8,000-some people in town. One outfit takes about three hours.

The area around Crescencio Morales is not unknown to tourists. But few visitors come for culture. Since at least the 1970s, millions of monarch butterflies have made the surrounding region's high-altitude forests their winter home, migrating from the US and Canada in swarms. About 600,000 people trek to see them in sanctuaries across Mexico's Central Highlands, most of them in Michoacán.

For years, the gossamer-winged creatures alighted about 10 miles away, but lately they've come closer to the Garcías. Their migration routes are changing along with the climate—and wherever they go, the butterflies bring spiritual and economic lifelines. García sees that as clearly as anyone. It's why I'm in her home, learning about lomillo as one of her first international guests. Soon, she hopes, there will be more like me, as more businesses harness interest in the monarchs to increase community-based tourism.

The Mazahua who live in this area, she tells me, have long believed the butterflies are the souls of their ancestors, returning each year around the Day of the Dead on Nov. 1 and 2. It's one reason the community has set up its own patrols to protect against corporate logging. (The illegal practice was rampant in the early aughts.)

They also know the butterflies are a business. Only five years ago, most men left the village in search of jobs. Mexico City is a three-hour drive to the east, but the US was a greater lure. García's husband, Antonio Zendeja, recently spent a year commuting from New Jersey to a chicken factory in Philadelphia. Now there's hope that cultural tourism close to home can be just as profitable—and offer a deeper source of pride.

Helping develop those prospects for the García-Zendeja family and others in town is a new project in Crescencio Morales, the Casa de la Cultura Mazahua. Since it opened in September, its goal has been twofold: to function as a community center where the Mazahua can perpetuate traditions at risk of fading into obscurity, and to harness this heritage as the basis for visitor workshops—ideally, before the butterflies' migratory patterns change again. The very notion of tourism growth has helped the Mazahua reembrace centuries-old dress, song and dance practices. Indeed, García's costumes have never been in such high demand.

The Casa is the brainchild of Canadian photographer Chris Rainier and his partner, British conservationist Olivia McKendrick. Their nonprofit foundation, Cultural Sanctuaries, works in "double hot spots," where biodiversity and Indigenous culture are imperiled. Since 2017 its flagship project, in Bhutan, has helped preserve the language and handicrafts of the Olep people through tourism. Casa de la Cultura is their latest opening.

When Rainier and McKendrick first visited Crescencio Morales in 2020, speaking Mazahua came with fear of discrimination; the language was no longer taught after preschool. Traditional song, dance and even dress were sources of chagrin. And men like Zendeja were leaving to find work abroad.

The couple is working to instill pride in cultural traditions and get the word out to tourists about what the village has to offer. They're building up partnerships with global operators such as US-based Natural Habitat Adventures and Abercrombie & Kent—both of which do big business with butterfly trips—in hopes of developing full-day visits exploring the area's cultural riches. When next year's migration flies in, Rainier and McKendrick say they hope the center will draw enough visitors to cover annual operational costs of about $25,000.

My own four-day visit coincides with that of Matteo Luthi, director of operations for luxury travel agency Journey Mexico, which is also looking to extend clients' trips to include visits to the Casa. In 2025 he introduced 30-minute helicopter transfers from Mexico City to witness the migration, so clients can spend a day visiting Crescencio Morales, then return to the five-star digs of, say, the Four Seasons.

MAZAHUA WOMEN COOKING LUNCH FOR GUESTS AT CASA DE LA CULTURA

Limited tourism infrastructure has long prevented overnight or weekend trips. But the family-run Hotel Jardín Rancho San Cayetano is more than charming enough for me. It's set on 13 acres of gardens, with stained-glass windows and breakfasts of homemade pastries and jams.

Another barrier to longer trips is the US State Department's Level 4 "do not travel" advisory issued for Michoacán because of cartel activity on the coast, a seven-hour drive from the Casa. The UK and Canada deem Michoacán Level 3, advising against all but essential travel—though they exclude the butterfly reserves from those warnings, as they're considered more secure.

"It is a privilege the butterflies have come here. They don't land everywhere," says Yedani Paola Hernández Vasquez, one of Casa de la Cultura's three young managers, as she shows me the recently opened space. In the 1990s, she tells me, wintering colonies blanketed more than 40 acres of the nearby sanctuaries. In recent years that number has dipped to only 2.2 acres. Still, when the butterflies winter here, the sun warms their wings, and tens of thousands take to the air in magical orange clouds.

Vasquez tours me around an open-concept teaching kitchen, dining area, tech lab, craft gallery and shop. Guests who pay a fee of 150 pesos ($8.20) to visit, she explains, fund free services for locals: computer classes and workshops on ritual folkloric dances and Mazahua cuisine.

That in turn benefits visitors, who can book experiences like a traditional lunch feast for as little as $5 per person. On my visit, I tuck into hand-rolled tortillas, verde mole with huitlacoche, and lightly sweet sende, a Mazahua version of horchata made with corn instead of rice. It's homey, hearty and incredibly delicious.

Another day, Vasquez takes me to the home of Elodia Solorzano Espinosa, a 40-year-old single mother who supports her five children by weaving beautiful baskets out of dried pine needles, a craft she's been practicing for more than 20 years. ▶

◀ It takes about 450 needles to make a small basket, which she embellishes with vibrant-hued waxed thread. They sell for $10 in the Casa's shop alongside García's embroidered textiles, with profits going back to the artisans.

On my final morning, Luthi, the travel adviser, and I hit the trails near the private butterfly reserve 10 minutes away. Before embarking on a guided 4-mile trek to a hidden waterfall—a path that's beautiful year-round—we're greeted by Jésus González Villareal. Don Chuy, as locals call him, is a community shaman, though you'd never know it by his black jeans and Michael Jordan hat. He's here to ask the forest for permission to enter and to say a blessing for our safety, which he sends to the heavens with a strong blow of a conch shell.

Instead of butterflies, we spot wild daisies and orchids, darting hummingbirds and a vermilion flycatcher. Luthi decides to keep hiking, but I opt for a traditional sweat lodge ceremony in a domed *temazcal*—the closest thing you'll get to a spa treatment in Crescencio Morales.

Before I can break a sweat, I question my decision: Should I have come two weeks later? Am I crazy for missing the butterflies? I refocus on the sound of Don Chuy solemnly chanting with his family and realize that hundreds of thousands of visitors see the monarchs, yet a very small number of outsiders have likely had this spiritual experience with the Mazahua.

The recitations, called *bienvenidas abuelitas* ("welcome grandmothers"), show gratitude for the ancestors embodied by the hot rocks, Don Chuy explains. He instructs me to touch a small piece of copal—tree resin—to the stones and share something I'm grateful for. He says he's grateful for me and tells me I'm always welcome in his home. Ⓑ

WHERE TO GO

AFRICA REDUX

THE CONTINENT'S NEXT GREAT HUBS OF CONSERVATION AND DESIGN

● GO REMOTE: GABON

Jeff Bezos may not be in the business of luxury travel, but it's partly thanks to him that globe-trotting connoisseurs are suddenly thinking about Gabon. The billionaire's Earth Fund has lately plowed $30 million into the country's conservation efforts, helping protect some 30% of its landmass and 13 of its national parks. Within them are lush rainforests for western lowland gorillas and rare mandrill monkeys; along the country's 550 miles of pristine Atlantic coastline, you're more likely to run into wild elephants and surfing hippos than human sunseekers.

Gabon isn't a place for the African safari first-timer, who's likely to crave classic baobab landscapes and lion sightings. But at a time when much of sub-Saharan Africa is saturated with tourism, West Africa is luring intrepid nature buffs, says Nicola Shepherd, whose Explorations Co. has been creating one-off itineraries to Gabon since 2023. Better yet, in the past few years, Loango National Park has welcomed a pair of comfortable camps, bringing travelers into the thick of it all. Akaka Forest Camp is an immersive hub for canoe-based safaris, jungle hikes and game drives. And Ndola Camp perches atop mangroves where, in addition to gorillas, herds of elephants, buffalo and red river hogs are starring attractions. —*Jackie Caradonio*

TERROU-BI, DAKAR'S MOST LUXURIOUS HOTEL, CAPPED OFF A MAJOR EXPANSION JUST IN TIME FOR DAK'ART 2026

● GO URBAN: DAKAR

The Senegalese heritage that was brought west via the slave trade—such as printed textiles and drum-based music—represents one well-known chapter of Dakar's cultural influence. Another has surfaced lately, as a young creative class has cemented the city as a design destination worth visiting.

One catalyst was when designer Adama Paris founded Dakar Fashion week in 2002 to showcase her own independent label. That show's recent growth—to a record 22 Senegalese designers in 2025—is proof that Paris has inspired a movement. Now visitors to Dakar can shop for wares by Sarah Diouf, whose Tongoro clothing line is beloved by Beyoncé and Naomi Campbell, or buy avant-garde caftans by Selly Raby Kane at her namesake showroom in Mermoz Sacré-Cœur. For sneakerheads, there's Nio Far by Milcos, whose colorful kicks and loafers take inspiration from traditional Senegalese garments.

Art is also booming. When the Dak'Art biennale returns in spring 2026, it's set to greet more international visitors than ever, having already raised the bar to 250,000 attendees in 2024.

Luckily, Dakar's most prominent high-end hotel, Terrou-Bi, has recently added more than 100 beachfront suites. Slide into its trendy new beach club, Le Jamm, and you're sure to rub elbows with the city's next generation of originals. —*Brandon Presser*

■ COURTESY TERROU-BI

WHERE TO GO

ASIA'S NEXT FOODIE CAPITAL

TAIPEI'S KNOCKOUT FOOD SCENE GETS A FRESH DOSE OF FLAVOR

BY KATE KRADER   PHOTOGRAPH BY AN RONG XU

DINERS AT THE YEJIA MEAT PORRIDGE FOOD STALL IN TAIPEI

TAIWAN BUBBLES UP IN CULINARY conversation, literally. That's thanks to bubble tea, its most famous beverage. The island is widely acknowledged as the place that first immersed tapioca pearls in sweet, milky tea, a drink that's become almost as easy to find worldwide as a cappuccino.

Taipei is likewise home to the world's best-known makers of xiao long bao: Din Tai Fung, with more than 170 locations worldwide. The capital was also an early adopter of the modern night markets now proliferating around the world. These evolved from social hubs that operated around temples to jam-packed streets that light up after dark and take over places such as Raohe Street and Shilin. They're lined with stands selling pepper buns filled with sweet pork, stinky tofu and, yes, soup dumplings and bubble tea.

When you hear this much about the food experiences in Taipei, you don't want to rely on its exports. So this past spring, I got on a plane and flew to Taiwan's capital, where I found a city embarking on a new chapter in its rich culinary history. "What's happening now feels more like a cultural experiment," says Amber Lin, an expert on the local scene who founded Foodie Amber, a food and drink consulting firm in Taipei. Lin knows the best street stalls for Taiwanese chicken rolls (which, name notwithstanding, are filled with pork), elegant tea ceremony rooms and modern fine-dining spots.

She tells me that something unique is forming as Taiwanese culture synthesizes elements from other parts of the world. She's right. Taiwan is a delightful amalgamation of old-school stalls near modern coffee shops and cat cafes not far from an avant-garde art gallery. The juxtaposition feels more unexpected than what you'd find in highly trafficked Tokyo. There's dynamic cooking at places like Logy, which synthesizes Taiwanese and Japanese flavors (and shows up on World's 50 Best restaurant lists), plus cocktail lounges that would get attention in Manhattan.

Although you'll see many more temples than skyscrapers, Taipei benefits from astronomical amounts of tech money. In October, Nvidia Corp., the chipmaker with a major presence on the island, became the first company to reach a $5 trillion valuation. (Taipei-born Jensen Huang, Nvidia's CEO, is a fan of night markets.)

My visit to Taiwan coincides with a jump in tourism. In the first half of 2025, there was a 10% increase in visitors from the same period in 2024. Serendipitously, luxury hotels, restaurants and bars are booming in Taipei.

I get to town right after the sumptuous Capella Taipei opened in the hip neighborhood of Songshan. It's an 86-room property, set in a glass tower that rises above nearby residential buildings. (Rooms start at NT$17,800, or $571.) Visitors get panoramic views of the city, including the landmark Taipei 101 building.

My first experience of local food is at breakfast in the hotel's soaring lobby. I opt for beef noodle soup with tender chunks of meat, the unofficial national dish of Taiwan. I'm even more taken with the salty soy milk, which is actually more of a soup, with savory garnishes of pickled mustard greens and chile oil, accompanied by indispensable fried crullers for dunking.

The hotel has bikes on hand, and a helpful staffer takes me on a little tour. First up: a bakery named But. (The tagline is "We love butter.") In the bright space, ▶

◀ I munch on dense, golden cookies. The next stop is at the other end of the bakery spectrum: SunnyHills, a minimalist spot specializing in the country's traditional flaky, jam-filled pineapple cakes, which remind me of best-in-class Pop-Tarts.

The next day, Lin takes me on a stroll through the historic Datong District, with its maze of stalls selling spices, dried fruit and fish. I watch a woman grind turmeric into powder in the middle of the street. At the chic, chile-focused store Doga Ama, I pick up a couple of jars of a rust-colored eight-spice powder powered by Sichuan peppercorns. To calm down after the hot-sauce tastings, we go to the transportive AKA Café, a teahouse in an almost 100-year-old building. There, a traditionally dressed server takes me through the ceremony of brewing green tea with several soakings in a more casual, conversational way than I've experienced in Japan.

I then move to adult beverages, running around to sample the city's thriving cocktail scene. My favorite watering hole is Tei by O'bond, in the Xinyi District. The place is inspired by tea ceremonies with drinks like the smooth tequila and ruby tea-leaf-infused pinglin.

I save my blowout meal for last. The restaurant I find in the Da'an District, simply named A, is a futuristic, all-white space overseen by chef Alain Huang, whose Asian-French dishes are wildly innovative: A meal might start with an artichoke pastry shaped to look like a cork and hidden in a bowl of real corks. Pea salad is accompanied by scallops stuffed with ham mousse, served at the table in a cloud of smoke. Eating at this spot, which has two Michelin stars, cost me about $290 for a nine-or-so-course meal with wine.

When I go back, I'll have more options for dining and drinking. Gold Pig, one of my favorite barbecue spots in Seoul, opened its first outpost in Taipei in May. And the three-story Glasshouse opened in October outside the Capella. Among its three bars is Tilt, which serves cocktails made with the local sorghum-based spirit Kinmen Kaoliang. Several more international luxury hotel brands will set up shop here in 2026, including Taiwan's inaugural Four Seasons. It will unveil its 260 rooms in the Xinyi District, the business area near Taipei 101.

Getting there is also becoming easier. Expansion at Taoyuan International Airport should accommodate an extra 45 million passengers annually when completed. By early 2026, its first phase is set to have wrapped, allowing for new nonstops from Dallas-Fort Worth and Phoenix.

No matter how jet-lagged I am when I stumble off the plane next time, it will be easy to find something good to eat. Ⓑ

WHERE TO GO

GUYANA'S GOLDEN OPPORTUNITY

FIRST CAME THE OIL BOOM. NOW COMES ECOTOURISM

BY MARK JOHANSON

THE BURRO-BURRO RIVER, A KEY RESOURCE FOR THE MACUSHI

DAVID DIGREGORIO

FROM THE NINTH-FLOOR ROOF DECK OF JEWELZ, A new luxury hotel in Georgetown's historic center, the Guyanese capital looks like one large construction zone. A dozen steel cranes loom over the heart of the city, where pastel British colonial-style buildings are shaped like tiered wedding cakes. To the west, a new 1.6-mile-long bridge swoops across the milky-brown Demerara River, hovering directly over its decommissioned predecessor. To the north, the glass panels of half-built towers along the Atlantic coast gleam under the tropical sun. The once torpid city is suddenly bursting with fresh energy. In fact, locals have started referring to it as the "next Dubai."

Regarding tourism, Georgetown is brand-new on the map, a rarely used gateway to the country's richly biodiverse rainforest.

Yet by the end of 2026, roughly a dozen Hilton, Hyatt and Marriott hotels will have opened, solidifying the city's meteoric makeover from a sprawling village to a bona fide boomtown. Since 2020 the World Bank has listed Guyana, bordering Venezuela and Brazil, as having the world's fastest-growing economy.

"In 2020, when we said we wanted to add 2,000 internationally branded hotel rooms to our stock, people thought we were crazy," says Oneidge Walrond, who until recently was tourism minister. The minister's office is near a year-old Best Western that's so in demand, suites start at $750 per night. "Now it's hard to find a place [for visitors] to sleep in the capital."

It's been a decade since everything changed for this small, English-speaking nation. In 2015, ExxonMobil discovered what's now estimated to be 11 billion barrels of oil off the coast—giving Guyana one of the largest-known reserves per capita in the world. Commercial drilling began four years later, and the nation has already earned about $7.5 billion in revenue from oil sales and royalties. That wealth has rippled across society, transforming the capital. "People are beginning to see a city we've never seen before and to experience a different standard of life," Walrond says.

International visits to Guyana were up 18% in the first half of 2025, according to the Guyana Tourism Authority, spurred by business travelers on new flights from Europe, the US and Canada. President Irfaan Ali, a former tourism minister, has splurged on infrastructure to keep pace. In August he broke ground on a new 7 billion Guyanese dollar ($34 million) terminal for Georgetown's Cheddi Jagan International Airport, which will feature two atria filled with Guyanese flora when completed in late 2027. He's also building a $7 million tourism training center in Port Mourant, which will educate the workforce needed to power the growing hospitality sector. And a 276-mile road with 45 concrete bridges will soon get properly paved, linking Georgetown with the sparsely populated interior.

Although only 10% of Guyana's 830,000 residents live in the interior, these projects are key to a burgeoning ecotourism industry that's already brought an infrastructure and tech boost to Amerindian communities in the nation's dense rainforests. This is where Guyana's true potential lies.

After two days in the capital, I fly to the small airstrip in Lethem to explore the lodges of the Rupununi region, where the waters of the Amazon basin flow past the Guiana Shield, a flat-topped rock formation that's about 1.7 billion years old. Dirt in the Rupununi is orange, hills are jade green, and the rivers snaking through it all have the hue of steeped tea. Visitors navigate dusty roads in 4x4s during dryer months (September to March); in the rainy season (April to August), the rivers become veritable highways. On my visit in late August, I traverse both. Macaws and mealy parrots squawk in the skies, and kingfishers prowl the riverbanks.

I putter in a longboat down the Rupununi, searching oxbow lakes for Guyana's many "giants"—giant anteaters, giant river otters, arapaima (a giant freshwater fish) and Victoria amazonica (a giant lily). Amerindian communities have been at the forefront of tourism here, so I stay in their rustic thatch-roofed eco-lodges. First, I visit Rewa Eco-Lodge, then Caiman House. Both work with international conservation groups to study and protect black caimans, yellow-spotted river turtles and other riverine creatures.

Even in these remote communities, government investment is pervasive. There are new solar panels on homes, freshly cemented schools and clinics, and Starlink-powered information technology hubs aimed at reversing Indigenous brain drain. (Youth are often lured to the capital, distant gold mines or Brazilian ranches.) Delene Lawrence, an Indigenous Macushi woman who now works as general manager of Caiman House, says the changes have been so swift she's unsure what to make of them. The new roadway may bring industrial agriculture, she worries, but also greater access to goods and services. "We are watching that closely as an Indigenous community," she says.

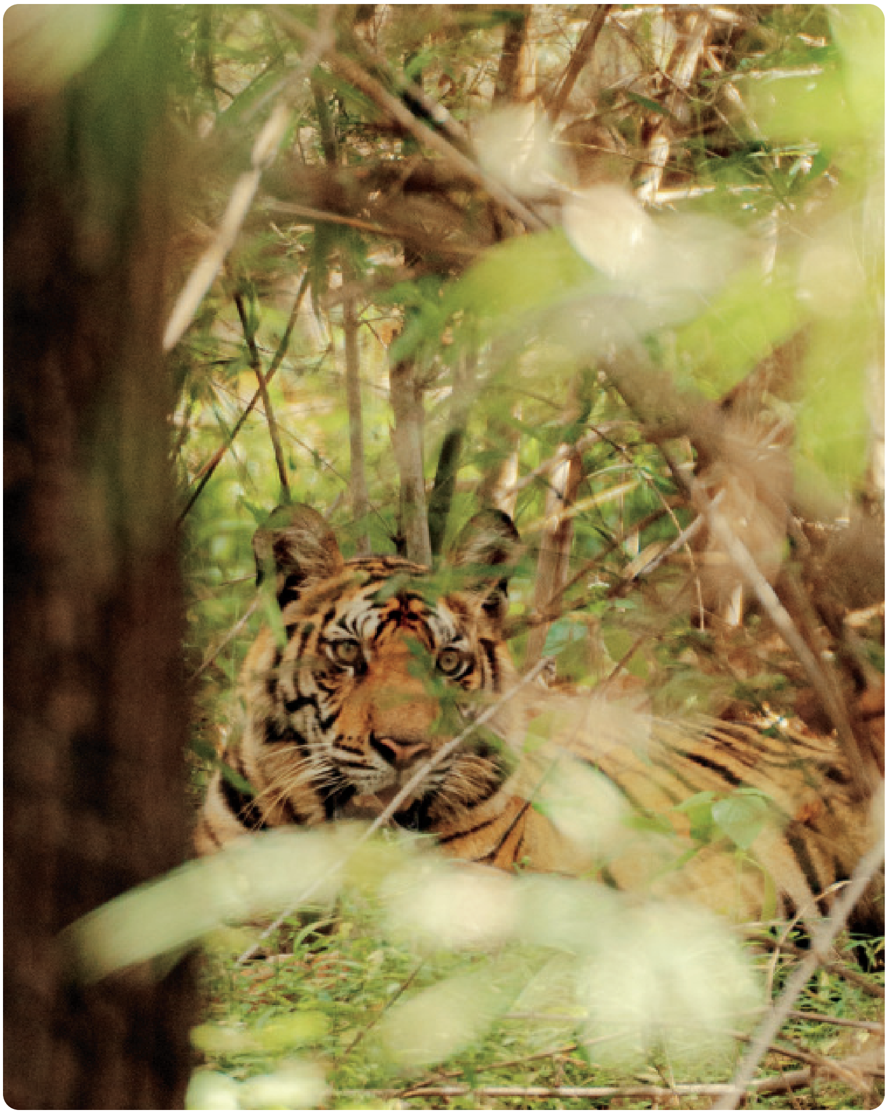
Deforestation is another concern. The world's newest petrostate aims to maintain its eco-friendly image by leveraging intact forests as profitable carbon sinks, so Amerindian communities receive large government stipends to safeguard their canopies.

Besides its jungles, the Rupununi is home to golden savannas of stout sandpaper trees and dense "bush islands" that provide critical refuge for jaguars and tapirs. Here, at Karanambu Lodge, I spend one night sleeping in a comfortable Macushi-style villa made of clay bricks. When I arrive, co-owner Melanie McTurk, a bubbly Georgetown transplant, joins me for lunch under the shade of a mango tree. As both a tourism entrepreneur and chairwoman of Guyana's Protected Areas Trust, she has a nuanced take on the country's boom times. "I'd like Guyana to stop talking about becoming the next Dubai and start talking about becoming the best version of Guyana," she says, highlighting the nation's rich multiethnic makeup. (The majority of Guyanese claim either African or Indian descent.) "We have a unique culture which I'm genuinely proud of, and I wish more Guyanese were too."

Back in Georgetown, I see what she means. Backyard Café, tucked into the childhood home of chef Delven Adams, highlights Guyana's Indian, African and Indigenous flavors in singular plates such as pepperpot chicken. Jerked with cassareep (cassava root extract), wiri-wiri peppers, cinnamon, nutmeg and cloves, it's wowed both celebrities (including Gordon Ramsay) and Georgetown's growing expat population.

Before heading off on a final trip to Kaieteur Falls—one of the most powerful single-drop waterfalls in the world—I meet with Carla Vantull. She's the general manager of Wilderness Explorers, an adventure-travel specialist that pioneered tourism here in the 1990s. (The company plans to revamp the long-closed Kaieteur Guesthouse by late 2026.) "Tourism builds pride in a country," she says, as turmeric-colored Guyanese curries arrive at our table at the restaurant in the Grand Coastal Hotel. "At the same time, Guyana is going to change drastically, and we need to ensure the things that make us special stay the same."

As my twinjet lifts off from Georgetown, banking toward Kaieteur National Park and the endless canopy beyond, it becomes immediately clear what's at stake. Below me are tabletop mountains and thundering cascades. Rivers twist through the jungle instead of roads. It's one of Earth's least-touched corners—at least for now. B



A TIGER SPOTTED BY THE WRITER IN BANDHAVGARH NATIONAL PARK

WHERE TO GO

INDIA CHANGES ITS STRIPES

TIGERS ARE MAKING A COMEBACK, THANKS TO CONSERVATION EFFORTS. HERE'S HOW TO SEE THEM

TEXT AND PHOTOGRAPH BY CHRIS SCHALKX

THE WHOOPING CALL OF A LANGUR monkey means the tigers must be close. Dawn light leaks through the forest canopy of the Bandhavgarh National Park, in the central Indian state of Madhya Pradesh, as I rattle along a dirt track in an open-top SUV. My guide, Suryanshi Singh, scans the path ahead. A trail of tiger pugmarks is visible in the sand, saucer-size and still fresh.

Deeper into the forest, we pass trees scarred with claw marks (territorial markings, Singh says) and round patches of flattened grass. We're hot on the heels of the Bengal tigers we've come to see, but alas, the jungle becomes still again.

After five hours of driving the park's trails and scanning the bush, I end up unlucky, though I'd rolled the dice by coming a few weeks before the official start of the cool winter season, when vegetation thins and the predators are easier to spot. During prime time—November to February—the odds of seeing a big cat in India are the best they've been in decades.

For years, even catching a whiff of the tigers, as I did, would have been considered a raging success. At the turn of the 20th century, more than 100,000 tigers roamed the country's many forests. But by the time India gained independence in 1947, their numbers had dwindled to an estimated 40,000. In the decades that followed, habitat destruction, human encroachment and unchecked trophy hunting pushed the striped cats to the brink of extinction.

This decline began to change with the introduction of Project Tiger in 1973. Led by Prime Minister Indira Gandhi, the initiative created protected reserves, curbed poaching and, somewhat controversially, relocated forest-dwelling communities from the reserves' core zones. The results were mixed for more than 30 years. A 2006 census put the tiger population at a precipitously low 1,411. But persistence and better technology, such as camera traps that track the animals' movements, have helped turn the tide. As of the most recent count, in 2022, India is now home to about 3,682 wild tigers—more than two-thirds of the world's entire population. (The next census is due in mid-2027.)

The first tiger reserve in India was named after Jim Corbett, an Anglo-Indian hunter who had killed some of India's most notorious big cats in the early 20th century before becoming a conservationist and their fiercest advocate. Fast-forward 52 years, and his influence has expanded from that initial parcel of protected land in Uttarakhand to 58 reserves across 18 states, creating a dispersed patchwork of grasslands, forests and mangrove swamps roughly the size of Ireland. To keep human impact in check, only small sections of the reserves are open to tourists.

Still, tiger tourism here has recently taken off: Rajasthan's Ranthambore National Park, one of the most popular spots for safaris, welcomed a record-breaking 727,268 visitors in the 2024-25 season, generating more than $8.2 million in revenue—up 20% from a year earlier. With India's growing middle class spending more on travel, the market size of its wider safari industry is projected to surge to an estimated $5.3 billion by 2035.

"Domestic demand has gone through the roof," says Nicola Shepherd, the Kolkata-born founder of tour operator Explorations Co., which organizes luxury safaris in parks across the country. "We've seen a 50% increase in bookings in the past five years compared to pre-Covid levels."

Tiger sightings are still far from guaranteed, but the odds have increased. At the same time, the once-straightforward task of getting a safari permit (required for entry) has become an Olympic-level sport; the permits tend to get snagged up within minutes of being released on the state forest departments' online booking systems, which open 90 days in advance. "Anyone planning a last-minute trip might struggle to secure a slot," Shepherd says, advising that visitors start planning a full year before departure.

In peak season, this demand can make parks like Ranthambore feel particularly busy. Shepherd says that there are limits for each conservation area, but you might still see large clusters of jeeps lined up around sightings. My experience, right before that visitor crush in Bandhavgarh, is the opposite: The only time I see more than a handful of other tourists is when we're all in pursuit of hot tracks. Otherwise we have the mirror-flat lakes, langur sightings and even a rare encounter with a leopard—whose sawlike roar we hear from a nearby patch of bushes—all to ourselves.

Investors are also hot on the tigers' tails, bankrolling hotel projects here at a record clip. The homegrown hospitality brand Taj opened its Sawai Ranthambore hotel in 2023 and is already planning a second one near Sawai Madhopur, the park's main gateway. Oberoi Hotels & Resorts, a standard-bearer for India's luxury hotel scene, recently opened a tented camp near Bandhavgarh, plus the palatial Oberoi Rajgarh Palace on the hilly edge of the Panna Tiger Reserve. Leela Palaces, Hotels & Resorts, also known for its heritage five-star accommodations across the country, is preparing new locations in Bandhavgarh and Ranthambore, and India-based boutique chain Postcard has announced safari lodges in Kanha and Ranthambore national parks. When the latter opens, it will include tents designed by safari-camp specialist Luxury Frontiers. Starting rates will be about $2,200 per night—immediately catapulting it toward the top of India's most expensive places to stay.

A day before my safari, I checked in at one such newcomer, the Oberoi Vindhyavilas Wildlife Resort. Its 19 canvas-roofed tents and two private pool villas sit a 20-minute drive from Bandhavgarh's main entrance. My tent, with ceilings embroidered with gold-threaded motifs of native chital deer, opened to a large garden from where I watched gray hornbills and parakeets flit through the surrounding trees. I spent my evenings around a candle-lit open kitchen in the garden, where chef Sachin Kumar served up tasting menus of spiced mutton shanks and clay-oven-roasted chicken. The tented villas start around $775 per night, about half the rate of the region's other top-end luxury options, such as the Aman-i-Khás tented camp and Suján Sher Bagh.

The big bucks coming in for India's big cats help bankroll anti-poaching patrols and habitat restoration. But some conservationists say there's still plenty of room for improvement. K. Ullas Karanth, a wildlife biologist who's been researching India's tigers for more than 40 years, argues that their population, though stable, is still far from its potential. "There's a lot more work to be done," he says, pointing to some 400,000 square kilometers (154,400 square miles) of viable habitat that are currently going unused but are capable of supporting an additional 20,000 tigers. In many eastern and northeastern forests, he says, prey animals have been wiped out by subsistence hunting, forcing tigers to move elsewhere or starve. In reserves with a heavy tourist presence, on the other hand, the creation of artificial water holes and mass importation of prey animals has produced unnaturally high tiger concentrations, leading to increased aggression and dispersion into human settlements.

"Tourism, so far, has contributed very little to the recovery of the tiger population," Karanth says. Solving that issue "requires long-term vision and will only change if tiger tourism spreads beyond the tiny fraction of land" that's presently being used.

Back in Bandhavgarh, the tigers remain elusive for me. What I do see are polka-dotted chital—the deer embroidered into fabrics in my villa—moving skittishly in herds through the tall grasses. A lone gaur (a type of Indian bison and the world's largest bovine species) grazes by the roadside. Langurs crash through the trees, and a lone eagle watches from a snag in a forest clearing.

But just minutes before the park gates close, a few jeeps stop in their tracks. Cameras point to a cluster of bamboo, where a ripple of orange moves between the trees. A young tigress emerges on the sandy path. She pauses, stares our way and slips back into the undergrowth. The encounter lasts less than a minute. And maybe that's exactly how it should be. B

WHERE TO GO

VIENNA FINDS HER COOL

AN INFLUX OF NEW RESIDENTS HAS THE AUSTRIAN CAPITAL BUSTLING WITH CREATIVE ENERGY

BY MATTIE KAHN PHOTOGRAPH BY MICHAELA NAGYIDAIOVA

AT THE VIENNA STATE OPERA, THE crowd dresses the part. Clambering up the stairs to the standing section, where I scored a last-minute, €15 ($17.50) perch to watch Mozart's *Die Entführung aus dem Serail*, I pass women in gowns and men in tuxes—at least three of them with gilded canes. The coat check is stuffed with so much fur, it looks like a petting zoo.

But as the altitude rises, the audience transforms. Up in the cheap seats, it's not all sequins and pocket squares. The millennials and Generation Z opera lovers who make up the new class of Viennese tastemakers are dressed in jumpsuits and leather jackets. I overhear French, German, Polish, Portuguese and Russian. The buzz is evident, and it's not just coming from the brass instruments.

From here, the stage is dollhouse-size, but I have the perfect view of what's changing in Vienna. In 2023 the city's population surpassed 2 million inhabitants for the first time since right before World War I, in part because immigrants were drawn to its reputation as one of the world's most livable cities. Over the past decade in particular, locals have noticed an influx of artists and innovators attracted to Vienna's rich cultural heritage, affordable apartments and ample green space. At the same time, a generation of native sons and daughters has come of age in time to put their own stamp on their hometown's venerable rites and rituals. In neighborhoods from Leopoldstadt to Neubau, streetwear labels are setting up shop next to dirndl emporiums, hot dog stands are commingling with falafel joints, and a thrilling set of sleek hotels is moving in alongside the grand dames.

The city's infrastructure is growing in tandem, serving not only the local population but also those who visit. When I land at Vienna International Airport in October to explore the city's contemporary metamorphosis, signage trumpets a $450 million airport overhaul due for completion in 2027. Meanwhile, a metro expansion is set to accommodate an additional 300 million straphangers by 2030.

So it's a good thing Vienna's beloved coffeehouses (so sacred that Unesco has granted them protected status as part of the city's "intangible cultural heritage") tend to be sprawling. At Café Prückel, an institution founded in 1903, the spectacular modernist space is

packed with actual locals reading actual newspapers over afternoon coffee, as well as visitors like me, people-watching over our cappuccinos.

Next-gen cafés aren't quite so palatial. But what the upstarts lack in square footage, they make up for in flavor. At Crème de la Crème, a patisserie with outposts in the 4th and 8th districts, owner Julia Kilarski is combining French techniques with Viennese classics, introducing the mandelkuchen set to pistachio dacquoise and rich, chestnut-laced mont blancs.

"We're seeing a new wave of creative energy that feels a bit like the city rediscovering itself through younger eyes," tour guides Gabriela and Sebastian Knöbl tell me in an email. The brother-sister duo founded Rebel Tours in 2021. "Vienna is a city where old and new come together like almost nowhere else. On the one hand, the younger generation is deeply connected to the traditions they grew up with—the waltz, the coffeehouses, the crafts—but they're also giving everything a fresh twist."

How fresh? At Edvard, the restaurant at the Antara Palais Hansen Vienna Hotel, which opened in March 2024 in a building

THE CROWD IN SALON PARADISE, THE BASEMENT BAR OF THE HOXTON HOTEL

designed for the 1873 World's Fair, a Mediterranean-inflected approach to local ingredients is less wiener schnitzel, more beetroot flan. At the Hoxton, which opened a month later, a rooftop bar serving rum cocktails underneath oversize scallop-trimmed umbrellas injects a bit of California cool into the palace-dotted Landstrasse district. In once-staid Vienna, this is a daring departure.

More radical: Cà Phê Lalot, a Viennese-Vietnamese mashup in cafe form, and Kein & Low, a low- and no-alcohol bottle shop that also hosts tastings.

None of this is meant to replace the city's familiar charms. When I land in the Austrian capital, it's about a month before the Christmas markets are due to blanket its cobblestone streets. With frosted-up gingerbread-house windows and a pervasive spirit of indulgence from Ringstrasse to Spittelberg, Vienna in winter is a prime time for tourists, with more than 70 million of them overnighting during the 2023-24 season. In the fall, it feels quieter but still bustling.

At the Sacher, Vienna's most iconic hotel, walking into one of the picture-perfect rooms upstairs does feel like unwrapping a gift. The footstools are covered in velvet, and the mirror is straight out of a baroque painting. There are two chandeliers. The opulence is the whole point, says third-generation proprietress Alexandra Winkler, who's gearing up to celebrate the hotel's 150th anniversary in 2026. "When you're traveling the world, you find so many places that look the same," she says. "I think this is one of the main strengths of the Sacher. Even our rooms—they're different."

Later in the week, I spend a few nights at the brand-new Mandarin Oriental, where I'm told I am the hotel's second guest. Housed in a former courthouse, the hotel makes the push-pull between the modern and the traditional look more like a dance. On the one hand are the historic architecture and casement windows; on the other are the custom-designed curvilinear furniture, heated marble bathroom floors and Diptyque toiletries in the bathrooms.

I freshen up and then meet Leonid Rath, the owner of the storied Viennese glassware brand J. & L. Lobmeyr GmbH, who treats me to a tour of its flagship store: three floors of thin glass tumblers, extravagant lighting and thousand-dollar vases.

Near the entrance, Rath points out the special edition cup that Lobmeyr has produced in honor of the 200th anniversary of the Stadttempel, the lone synagogue in Vienna that survived World War II. Based on a design that Lobmeyr had created for the Rothschild family, it will help fund the Stadttempel's renovation. Before the Holocaust, Jews made up around 10% of Vienna's population. In less than a decade leading up to the war, almost all of them—opera lovers, glassware collectors, elegant hotel guests—fled or were deported. Few survived.

Vienna is—as one taxi driver boasted to me—"clean." He's referring to the litter-free streets, but, in contrast to Berlin, where the lingering realities of the Holocaust are inescapable, I see scrubbing elsewhere. The intimate Heidi Horten Collection museum shows works by Andy Warhol, Jean-Michel Basquiat, Francis Bacon and many more that the namesake billionaire amassed before her death in 2022. Wall text explains the origins of the riches that helped fund her acquisitions: Between 1936 and 1939, her husband, Helmut Horten, "acquired" department stores that Jews had owned. He later authorized the use of forced labor. Even evolved cities are unshakably tied to their past.

On my last day in town, I score a lunchtime reservation at MAST Weinbistro, where co-owners Matthias Pitra and Steve Breitzke riff on traditional alpine cuisine alongside an extensive list of natural wines and offbeat fermented drinks. I order a vinegar-doused caramelized cabbage pasta called krautfleckerl. It's several shades of beige, topped with a dollop of sour cream and snippings of herbs. The flavor is technicolor.

A server tells me this dish is associated with childhood in Austria. Simple and comforting—the kind of thing your mom might make on a cold evening. At a table bathed in sunlight, the nostalgia works on me. But it's the inventiveness on the plate that keeps me coming back for more. Ⓑ

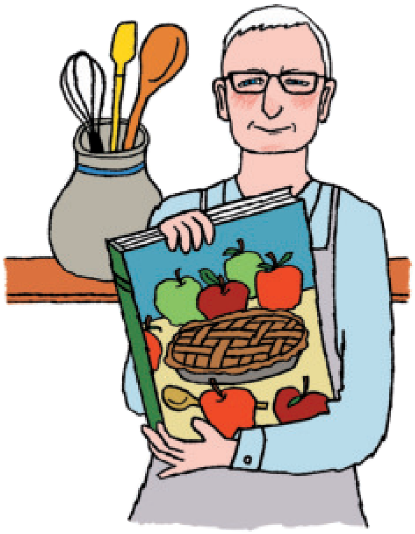
Famous Brands

● By Aimee Lucido

It seems that 2025 (and 2024, and 2023, etc.) was the year of the celebrity brand. There's no reason to think 2026 will be any different, so let's get ahead of the press releases. We've dreamed up six potential big-name brand extensions. Figure out what they are by using the celebrity's name and the depicted product in the style of a before-and-after puzzle (e.g., Eddie Murphy bed). Turn to page 4 when you think you have the answers.

1.

2.



3.

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■ ILLUSTRATIONS BY MILLIE VON PLATEN

Bloomberg Businessweek (USPS 080 900) (ISSN 0007-7135) Issue no. 4839 January 2026 Published monthly by Bloomberg L.P. Periodicals postage paid at New York, N.Y., and at additional mailing offices. Executive, Editorial, Circulation, and Advertising Offices: Bloomberg Businessweek, 731 Lexington Avenue, New York, NY 10022. POSTMASTER: Send address changes to Bloomberg Businessweek, P.O. Box 37528, Boone, IA 50037-0528. Canada Post Publication Mail Agreement Number 41989020. Return undeliverable Canadian addresses to DHL Global Mail, 355 Admiral Blvd., Unit 4, Mississauga, ON L5T 2N1. Email: contactus@bloombergsupport.com. QST#1008327064. Registered for GST as Bloomberg L.P. GST #12829 9898 RT0001. Single Copy Sales: Call 800-635-1200 or email: bwkcustserv@cdsfulfillment.com. Educational Permissions: Copyright Clearance Center at info@copyright.com. Printed in the U.S.A. CPPAP NUMBER 0414N68830