TECHNOLOGY: HOME OFFICES SHIFT FIRMS' TECH STRATEGIES B4

BUSINESS & FINANCE

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Last Week: S&P 3943.34 ▲2.64% S&P FIN ▲3.17% S&P IT ▲1.86% DJ TRANS ▲3.88% WSJ $ IDX ▼0.35% LIBOR 3M 0.190 NIKKEI 29717.83 ▲2.96% See more at WSJ.com/Markets

Commodities Rally in Tandem

Some investors bet on prolonged boom, others look at history and expect a bust

By Joe Wallace

Commodity markets are roaring, stirring a debate about whether prices are headed for an extended upswing. The history of booms and busts in raw materials suggests the conditions aren't right.

Prices for Brent crude, the international benchmark in energy markets, have jumped 82% since the end of October. Copper is more expensive than it has been since 2011. Food hasn't cost as much since 2014, according to a United Nations index.

Some investors and analysts say commodities are in the early stages of a supercycle. That is a period when prices of livestock, grains, metals, oil and gas all climb for years, even decades.

A prolonged upturn would present investors with an opportunity to make money from long-term bets on exchange-traded products that track commodity prices. Such vehicles bloomed in popularity when commodity markets soared in the 2000s and early 2010s, only to fall out of favor when prices tanked in 2014.

But the chances of commodity prices rising in tandem over a long period are slim. Such cycles are rare. They have occurred when a major economy such as the U.S. or China undergoes rapid industrialization or urbanization, creating demand for raw materials that existing supplies struggle to meet.

Economists say they don't see a similar catalyst right now. A swift expansion in the global economy this year and next is likely to power demand. Beyond that, many analysts see oil consumption, in particular,

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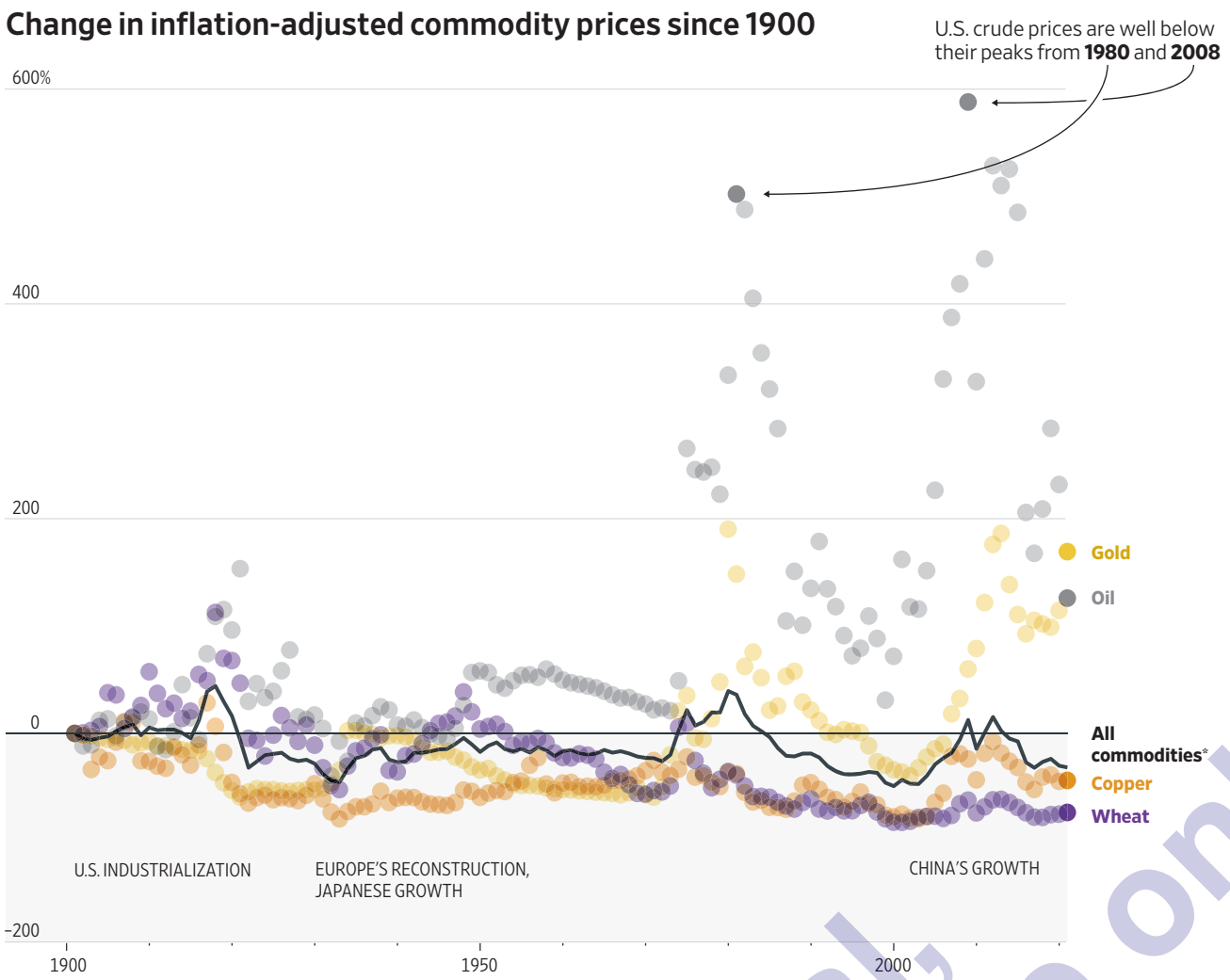

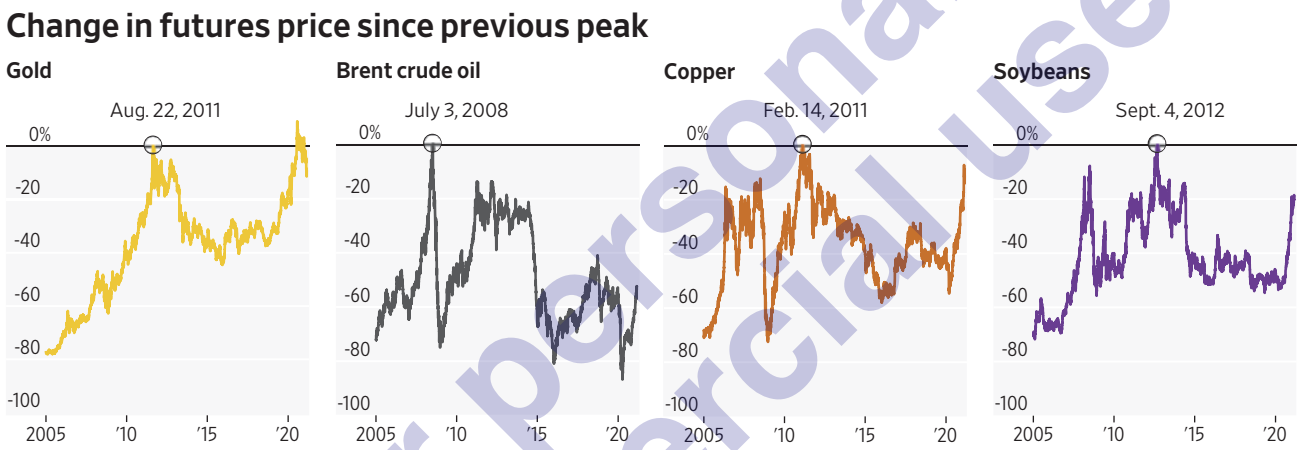

*Index of inflation-adjusted prices for 40 commodities with equal weights Note: Nominal prices adjusted with U.S. consumer-price inflation
Sources: Jacks, D.S., 2019, 'From Boom to Bust: A Typology of Real Commodity Prices in the Long Run' (prices); Cuddington, J.T. and Jerrett, D., 2008, 'Super Cycles in Real Metals Prices?' and Jerrett, forthcoming, 'How Super Is the Commodity Cycle?' (dates for supercycles); FactSet (futures)

Fintech Stripe Valued at $95 Billion

By Peter Rudegeair

A fresh fundraising round for **Stripe** Inc. has made the financial-tech company one of the world's most-valuable startups.

Stripe said on Sunday that it raised $600 million from a group of investors that included Ireland's national debt office, insurers **Allianz SE** and **AXA** SA and investment managers **Baillie Gifford & Co.** and **Fidelity Investments**. The round valued Stripe at $95 billion, more than 2½ times the valuation it attained in a 2019 fundraising round.

Thanks to the new fundraising, Stripe is now worth more than other startup darlings like Instacart Inc. Globally, it still trails the Chinese fintech giant Ant Group Co. in terms of valuation.

As a payment processor to startups and fast-growing internet companies, Stripe benefited from the pandemic-induced boom in online shopping. Stripe customers including **DoorDash** Inc., **Shopify** Inc. and **Wayfair** Inc. all experienced a surge in demand as consumers shifted their spending from bricks-and-mortar establishments.

"We're bigger now than the entire e-commerce [market] was when we first started Stripe," Dhivya Suryadevara, Stripe's chief financial officer, said. Stripe launched in 2010.

In the pandemic, some small businesses were unhappy with steps Stripe and other payment processors took to protect themselves from possible losses. The maneuvers, including sometimes making the businesses wait extra days or even months to access money deposited in their accounts, intensified a cash crunch at many firms.

Stripe doesn't disclose its payment volumes or financial results. The company said that it processes payments worth hundreds of billions of dollars a year for millions of businesses world-wide and that it counts as customers more than 50 companies that each use Stripe to process more than $1 billion annually.

In December, Stripe said it was teaming up with Goldman Sachs Group Inc., Citigroup Inc. and others to offer checking accounts and other business-banking services to merchants.

HPE Stands Out on Disclosing Climate Risks

By Russell Gold

When Hurricane Harvey stalled over Houston and dumped about 3 feet of rain in 2017, **Hewlett Packard Enterprise** Co.'s largest campus was heavily flooded. Its global data center was inundated, along with buildings where the tech company's servers and data-storage gear were assembled.

After the floodwaters receded, Chief Executive Antonio Neri, then the company's newly appointed president, toured the facility where diesel generators ran machinery drying out rooms to prevent mold. Two months later, HPE announced it was moving all manufacturing operations out of the Houston area to locations less exposed to extreme weather.

HPE also did something few companies do: It disclosed what it said were climate-related risks to its investors.

More companies may soon be required to make more substantive climate disclosures amid growing pressure from investors and from regulators for businesses to think more about the future physical impact of changing climate patterns.

Under the Biden administration, the Securities and Exchange Commission is expected to issue rules compelling companies to do a better job of disclosing their climate-related risks.

Such disclosures pose difficult questions for companies. What is a climate risk versus a normal extreme-weather risk? The Houston region has always been prone to heavy flooding and hurricanes, for example, though some scientific research has begun to link higher ocean water temperatures with increased storm intensity.

Mr. Neri, who became CEO in February 2018, said HPE decided to do more to estimate its potential exposure to build trust with investors.

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PERSONAL TECHNOLOGY | By Joanna Stern

Get Ready to Work at Home *and* at the Office

Hope your magic Mary Poppins, go-back-to-the-office bag is ready. Let's see, you'll need your laptop and power adapter, your headphones and its power adapter...

Oh, and you thought this was just a one-time pack? Prepare to do this two to three times a week, as you split time between your home office and your office-office.

Welcome to the exciting new world of hybrid work.

"Somewhere in the vicinity of 60% of the workforce are choosing the hybrid option," said Gartner analyst Suzanne Adnams, "which means their ideal is working

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Companies Press German Patent Rules

By Bertrand Benoit

BERLIN—Germany has long been a magnet for global patent litigation, ensnaring companies like **Apple** Inc., **Samsung Electronics** Co. and **Alphabet** Inc.'s Google.

Now a coalition of German blue-chip firms and foreign multinationals, including big U.S. tech firms, is pushing legislation that would lessen the country's appeal for those seeking to assert their intellectual property.

Germany's main patent courts, in Munich, Mannheim and Düsseldorf, systematically order injunctions, or temporary sales bans, for products subject to patent suits. That makes them attractive legal venues for patent holders.

Key targets of the legislation are so-called nonpracticing entities, or NPEs, which amass portfolios of patents that they license instead of using them in their own products. Critics call them patent trolls.

The proposed rules aim to make it harder for a plaintiff to win an injunction. The initiative has split Germany's typically unified business community, pitting some of the country's biggest patent users against its biggest patent holders.

Volkswagen AG, **SAP** SE, **Deutsche Telekom** AG and others are backing the bill. **Bayer** AG, **Siemens** AG and **BASF** SE have lined up against it.

Foreign companies have joined the fray. Apple, Samsung, **Nvidia** Corp. and **Microsoft** Corp., among others, have joined a European lobby group pushing the measure. On the other side are companies like **3M** Co., **Panasonic** Corp., **Ericsson** AB and **Nokia** Corp., which through the years have accumulated large libraries of patents.

Multinationals often steer cases to favorable legal venues around the world using their far-flung subsidiaries. Patent litigators say the ability to obtain an injunction can be key for patent holders in choosing a jurisdiction for a suit.

"In the German legal tradition, if you are doing something you shouldn't be doing, then first you have to stop," said Florian Mueller, an independent intellectual property analyst. "Remedy is an afterthought."

Such injunctions are harder to invoke in the U.S., following legal changes and a string of Supreme Court decisions. That is especially the case when the plaintiff is an NPE. Other friendly legal venues for patent holders have emerged outside the U.S., including China, Turkey and Russia, which have all

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JOHN MACDOUGALL/AGENCE FRANCE-PRESSE/GETTY IMAGES

A coalition of German firms and foreign multinationals, including big U.S. firms such as Apple, is pushing legislation that would lessen the country's appeal for those seeking to assert their intellectual property.

INSIDE

MIKE SEGAR/REUTERS

PHARMACEUTICALS
A new Eli Lilly drug shows promise on treating Alzheimer's disease. **B3**

BOSS TALK
Starbucks Chairwoman Hobson says 'Civil Rights 3.0' is brewing. **B3**

Value Stocks in Europe Draw Investors

By Anna Hirtenstein

European stocks have been on the rise as international investors reposition their portfolios for the global economy to return to normal—a trade that hinges on smooth reopenings in the region.

The pan-continental Stoxx Europe 600 index has gained 4.5% so far this month, pulling ahead of major U.S. gauges, and on Friday hovered close to its highest point in more than a year. The S&P 500 has added 3.5% in the same period and the Russell 2000, an index of small-cap U.S. companies, has increased 6.9%. The Nasdaq Composite has gained 1% so far this month.

Analysts say this is due to a rotation from growth to value stocks: Investors have been snapping up shares of companies hit hard by the pandemic and selling those that benefited from stay-at-home orders. Europe is emerging as a beneficiary of this trade, which banks on a strong economic rebound.

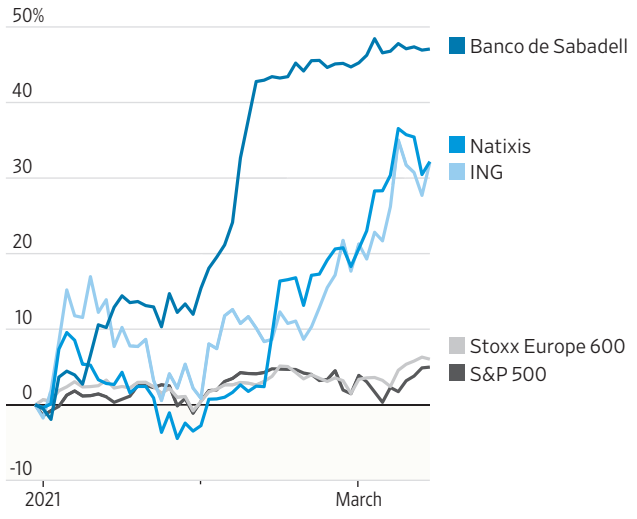
"Europe is predominantly a value market, the U.S. is predominantly a growth market," said Kasper Elmgreen, head of equity investing at Amundi. "This rotation benefits Europe disproportionately."

Value stocks are thought to be trading below what they are currently worth. They are typically in established industries and pay dividends, and include banks, energy and industrial companies, which are also more sensitive to the economic cycle. Growth companies are younger and perceived to be innovative, with potential to do well in the future, such as technology.

But delays to the European Union's procurement of vaccines is likely to result in its member states keeping social-distancing and travel restrictions in place for longer than countries that are inoculating their populations faster, such as the U.S. and Israel. This might mean that Europe's economic rebound is slower and weaker. Italy reimposed stricter curbs in several regions last week and plans to lock down nationally over Easter.

"We are finding a little bit more opportunity outside of the U.S. [Value stocks] look cheaper and more undervalued overseas," said Brent Fredberg, director of investments at Brandes Investment Partners in San Diego. "Now you've still got a long way to go in many of these companies, even though they've rallied hard."

Bank stocks and index performance



Source: FactSet

A key reason for Europe's recent strong stock-market performance is the composition of indexes. The Stoxx Europe 600 is more heavily weighted toward industries that are considered to be value, such as financials at 17%, industrials at 16% and energy companies at 5%. Its weighting for technology and communications is 10%, compared with 37% for the S&P 500.

Amundi's Mr. Elmgreen has bought shares of European auto makers and companies that produce construction materials recently, and said he is "significantly underweight" U.S. tech, meaning he owns less than the benchmark he tracks.

Another driver of Europe's performance is the bond market. The sense of optimism about economic growth has also driven fund managers to dump safe-haven assets such as sovereign debt, causing yields to rise and prices to drop. Government bond yields are used as a reference for the cost of debt in the broader market, including loans to companies. That rise in yields implies higher financing costs, benefiting lenders.

European banks have been among the best performers so far this year. Investors have been expecting the recent rise in yields to improve their net interest income, a key source of revenue. French bank **Natixis** SA has surged 47%, while Amsterdam-based **ING Groep** NV and Spain's **Banco de Sabadell** SA have both risen 32%.

The **Vanguard FTSE Europe ETF** is up 5.6% for the year and the **iShares Europe ETF** has also risen 5.5%. Another iShares ETF that invests in European financial firms has climbed 12%.

Companies in sectors still curbed by government restrictions have also jumped. German travel company **TUI** AG is the biggest winner on the Stoxx Europe 600 this year, soaring 56%. **International Consolidated Airlines** SA has added 39% and **InterContinental Hotels Group** PLC has risen 15%.

But whether these gains are justifiable is still a question, according to Simon Webber, a portfolio manager at Schroders with a focus on global equities. "Travel has fundamentally changed, people are used to working productively, meeting and supporting customers remotely," he said. Aviation stocks in particular "will be heavily scrutinized," he added.

He has increased his holdings of European banks, but is also looking at buying more growth stocks such as electric-vehicle companies.

Commodity Rally Has Skeptics

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slowing down.

"It pays investors, it pays policy makers to be a little bit skeptical of characterizing the developments of the past six to 12 months as the seeds of a new supercycle," said David Jacks, a professor at Singapore's Yale-NUS College who has studied the history of commodity markets.

Commodity prices are an important barometer for financial markets. Rising gasoline and energy costs contributed to a modest increase in the rate of U.S. inflation earlier this year. Expectations of a leap in consumer prices sent bond yields surging in recent weeks and cooled corners of the stock market.

When resources' prices swing higher for an extended period, one of three things happens. The first is an economic shock, such as the recession in the 1970s, caused in part by the Arab oil embargo. The second is a rush of supply as miners, energy producers and farmers seek to cash in. Over time, people switch to cheaper alternatives.

LUCY HEWETT FOR THE WALL STREET JOURNAL

Copper prices have leapt 67% over the past year to $9,100 a metric ton. A copper wire inspection.

Adjusting for inflation, U.S. crude prices in 2020 were well below their peaks from 2008 and 1980, though they were more than double the 1945 level, according to data compiled by Mr. Jacks. Inflation-adjusted grain prices have dropped since World War II due to advances in crop science, Mr. Jacks said.

The last supercycle occurred in the late 1990s, when a rapid expansion of cities and industry in China unleashed waves of demand for natural resources, according to Daniel Jerrett, chief investment officer at Stategy Capital LP. Supply was slow to respond and commodity prices, adjusting for inflation, shot up. "Is there anything out there like that now? I don't see it," Mr. Jerrett said.

The China-led supercycle kicked off with crude-oil and copper prices at their lowest level in more than a decade. That isn't the case now: Copper prices, for instance, are close to records.

The current outlook for commodity prices is especially complicated because of several competing forces.

Some commodities have been swept up in the "everything rally" phenomenon. The roaring market for assets from stocks to bitcoin suggests investors are flush with cash and speculating that prices will keep rising. An influx of money into precious metals has started to reverse, showing how fast money can flow back out.

A big unknown is how the drive to cut carbon emissions shifts supply and demand for different commodities. Switching to cleaner sources of energy will likely turbocharge purchases of materials such as copper and nickel, bulls contend. Before those efforts choke off demand for gasoline and diesel, a dearth of investment in the oil industry could buoy crude prices, too.

For now, however, the oil market remains on life support from members of the Organization of the Petroleum Exporting Countries and Russia, which are holding millions of barrels of crude in the ground each day to bolster prices.

The production cuts and a recovery in demand in China and India have helped oil prices rebound since crashing last spring. Brent crude futures have gained a third this year to about $69 a barrel. Some investors are betting they could surpass their record of $148 a barrel in 2008.

U.S. production won't keep up with the recovery in consumption due to restrictions on drilling on federal lands and belt-tightening by producers, said Christyan Malek, head of oil and gas research at JPMorgan Chase & Co. Cutting emissions at wells will boost production costs, and big oil companies are investing in renewable-energy sources instead of crude, he added.

The world's biggest independent oil trader doesn't see an imminent supply crunch. "We have plenty of reserves in the ground, we have plenty of refining capacity and we have plenty of ships to move oil," said Giovanni Serio, head of research at Vitol.

Copper has leapt 67% over the past year to $9,100 a metric ton on the London Metal Exchange. Goldman Sachs Group sees them hitting a record $10,500 in the next 12 months, in part because the energy transition will require metals that store and transmit power.

There are bumps in the road. Metal prices are the beneficiary of booming demand for goods and the economy's emergence from lockdown. Both fillips are likely to fade. Also, it will be years before green infrastructure and technologies devour metals such as lithium at a pace that propels prices, analysts say.

Traders say there is plenty of copper available now. **Teck Resources** Ltd., **Ivanhoe Mines** Ltd. and others are due to start producing at new mines in the next few years.

The current run-up in metal prices in part reflects the same forces that have driven the past year's recovery in stocks and corporate bonds.

"Fiscal and monetary stimulus has underpinned the rally since last March," said Tom Mulqueen, head of research at Amalgamated Metal Trading Ltd. "There's just more money in financial markets."

—Ana Rivas contributed to this article.

Fund Targets $600 Million

By Preeti Singh

Banner Ridge Partners is prepping its next secondary fund a little more than a year after collecting $550 million for its debut fund.

Banner Ridge's new secondary fund is targeting $600 million, according to people familiar with the matter. However, the firm could raise as much as $1 billion for the fund, the people said.

If the fund reaches its upper limit, it would be more than 81% larger than its predecessor, which closed in early 2020, and would further underscore strong investor demand for secondhand stakes in private-equity assets. Last year, private-equity secondary buyers set a record by collecting more than $76 billion for new funds, driven partly by a handful of multibillion-dollar offerings, according to data from research provider Preqin Ltd.

Banner Ridge focuses on primary, secondary and co-investment deals in strategies that span distressed debt, special situations and credit asset classes. The firm also invests in private-equity, hedge-fund and out-of-favor managers in the U.S. and Western Europe, its regulatory filing and website show.

In secondary investing, Banner Ridge will consider a range of deals including the purchase of fund stakes from investors, assets from private-equity funds and the restructuring of existing private-equity funds, the filing stated. It also provides financing solutions for private-equity funds or limited partnership interests, the regulatory filing said.

People familiar with Banner Ridge said that the firm already has invested 71% of Banner Ridge Secondary Fund III LP, its prior secondary fund. That fund's name reflects the fact that Banner Ridge's team raised two prior funds while at previous employer Siguler Guff & Co.

New York-based Banner Ridge was formed in 2019 by Anthony Cusano and C.J. Driessen, who previously worked together and oversaw the distressed-equity and special-situations strategy at Siguler Guff.

Banner Ridge's previous fund was backed by two anchor investors, including the New Mexico educators' pension fund that committed $100 million.

ANGUS MORDANT/BLOOMBERG NEWS

FedEx is expected to post earnings of $3.31 a share Thursday, up from $1.41 a year earlier.

THE TICKER | MARKET EVENTS COMING THIS WEEK

Monday

Empire Manufacturing
Feb., previous 12.1
March, expected 15.0

Earnings expected*
Estimate/Year Ago
HealthEquity **0.40**/0.39

Tuesday

Business inventories
Dec., previous up 0.6%
Jan., expected up 0.3%

Capacity utilization
Jan., previous 75.6%
Feb., expected 75.8%

Import-price index
Jan., previous up 1.4%
Feb., expected up 1.1%

Industrial production
Jan., previous up 0.9%
Feb., expected up 0.5%

Retail sales, ex. autos
Jan., previous up 5.9%
Feb., expected up 0.2%

Retail sales
Jan., previous up 5.3%
Feb., expected down 0.1%

Earnings expected*
Estimate/Year Ago
Coupa Software **(0.11)**/0.21
CrowdStrike Holdings **0.08**/(0.02)
Jabil **0.94**/0.50
Lennar **1.71**/1.27
New Fortress Energy **0.07**/(0.20)
Smartsheet **(0.13)**/(0.13)

Wednesday

Building permits
Jan., previous 1.881 mil
Feb., expected 1.750 mil

EIA status report
Previous change in stocks in millions of barrels
Crude-oil stocks up 13.8
Gasoline stocks down 11.9
Distillates down 5.5

Housing Starts
Jan., previous 1.580 mil
Feb., expected 1.560 mil

Mort. bankers indexes
Purch., previous up 7%
Refinan., previous down 5%

FOMC Meeting

Earnings expected*
Estimate/Year Ago
Cintas **2.22**/2.16
Five Below **2.11**/1.97
Lordstown Motors **(0.10)**/ n.a.
Williams-Sonoma **3.38**/2.13

Thursday

EIA report: natural-gas
Previous change in stocks in billions of cubic feet
down 52

Initial jobless claims
Previous 712,000
Expected 715,000

Leading indicators
Jan., previous up 0.5%
Feb., expected up 0.4%

Philadelphia Fed survey
Feb., previous 23.1
March, expected 20.0

Earnings expected*
Estimate/Year Ago
Accenture **1.89**/1.91
Dollar General **2.72**/2.10
FedEx **3.31**/1.41
Luminar Technologies **(0.06)**/ n.a.
Nike **0.76**/0.53
Ollie's Bargain Outlet Holdings **0.85**/0.74

Friday

No major events are scheduled

* FactSet Estimates earnings-per-share estimates don't include extraordinary items (Losses in parentheses)
◆ Adjusted for stock split

Note: Forecasts are from Dow Jones weekly survey of economists

Bonds | wsj.com/market-data/bonds/benchmarks

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose(▲) or fell (▼) in the latest session

Coupon (%)	Country/ Maturity, in years	Yield (%) Latest	Previous	Month ago	Year ago	Spread Under/Over U.S. Treasurys, in basis points Latest	Prev	Year ago
0.125	U.S. 2	0.151 ▲	0.141	0.109	0.483			
1.125	10	1.634 ▲	1.525	1.199	0.842			
5.500	Australia 2	0.099 ▼	0.110	0.111	0.445	-5.1	-3.9	-2.8
1.500	10	1.713 ▲	1.664	1.230	0.771	8.4	12.6	-2.3
0.000	France 2	-0.610 ▼	-0.601	-0.638	-0.733	-75.9	-75.0	-120.6
0.000	10	-0.053 ▲	-0.089	-0.195	-0.162	-168.2	-162.7	-95.6
0.000	Germany 2	-0.681 ▲	-0.687	-0.701	-0.951	-83.0	-83.6	-142.4
0.000	10	-0.301 ▲	-0.333	-0.425	-0.744	-193.1	-187.0	-153.8
0.050	Italy 2	-0.357 ▲	-0.392	-0.423	0.746	-50.6	-54.1	27.3
0.900	10	0.641 ▲	0.597	0.487	1.747	-98.9	-94.1	95.3
0.100	Japan 2	-0.134 ▼	-0.121	-0.133	-0.228	-28.3	-27.0	-70.1
0.100	10	0.114 ▲	0.105	0.064	-0.069	-151.6	-143.3	-86.3
0.000	Spain 2	-0.481 ▲	-0.482	-0.527	-0.313	-63.0	-63.1	-78.6
0.100	10	0.333 ▲	0.292	0.157	0.464	-129.6	-124.6	-33.0
0.125	U.K. 2	0.106 ▲	0.081	-0.040	0.207	-4.3	-6.8	-26.6
4.750	10	0.825 ▲	0.736	0.521	0.274	-80.4	-80.2	-52.0

Source: Tullett Prebon, Tradeweb ICE U.S. Treasury Close