Crossbow Partners
Experience & Discipline

London Trip Report

November 21-22, 2023

Executive Summary

The managers visited were Macro, Commodity and Digital Asset managers.

After a period of reduced opportunities due to uncertainty around the US Fed's actions, Macro managers were upbeat about the trading environment in the coming months, as they came to the view that the Fed had ended its hiking cycle, and that a soft landing was possible with inflation going back to 2% without a recession. Accordingly, they turned more positive on Developed Markets risk assets and were positioned long equities (indices), and some managers changed their fixed income exposure and were receiving front-end and intermediate US rates.

The new perceived environment also boded well for Emerging Markets, and some managers were receiving rates and/or went long equities in several EM countries. However, conviction was low on China due to its economic and political situation, as well as its relationship with the US. Last but not least, the enormous US budget deficit remained a concern, as it is long-term unsustainable.

Discretionary Commodity managers were long in commodities such as crude oil and copper, and mostly short in the grain complex, based on those markets' respective current and expected supply & demand situation. Systematic Commodity managers were negatively impacted so far in 2023 by several and shorter than usual market moves.