

GBP 1Y1Y Double Top + Mid Curve Gamma Hedge

Rec 1Y1Y Sonia

- Terminal rate in my opinion is high from the broader feed through on input leading to demand destruction
 - *My STIR View* I think only so long you can keep that hawkish tail weight without actually hiking, before supply disruptions -> demand destruction. I would be wary of selling dovish tails.
- However, this is more of a Technical play.
- Double Top of market expectations for the terminal rate, with potentially a hard cap at 5%
- Scale into the Rec (sell as it goes higher from here)
- **Hold for ~30bp correction to 50d SMA**

2NM26 95.80/95.70 ps, try pay 4.5

Hedge with MC, you want to own gamma here. To avoid paying excessive theta - I'll unwind half 10bp move lower from my avg entry in Rec

Targets M8 underlying M6 expiry - most Gamma, least Vega - avoid decay here.



B 2NM26 95.8/95.7 PS Price Profile
ATM Vol: 110.9 Vol shifted by 0 bps (110.9)

