

SFI 6M Positioning - Negative Gamma pockets remain on both call side and put side in U6 expiries

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Date Thu 04/06/2026 20:18

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Majority of the negative gamma in positioning remains to the upside.

The U6 96.25-30 strike in particular, ~170k short via adding of structures targeting unchanged rates (~96.253) with a dovish bias SFIU6 96.15/25/30/40 c con for 2.5.

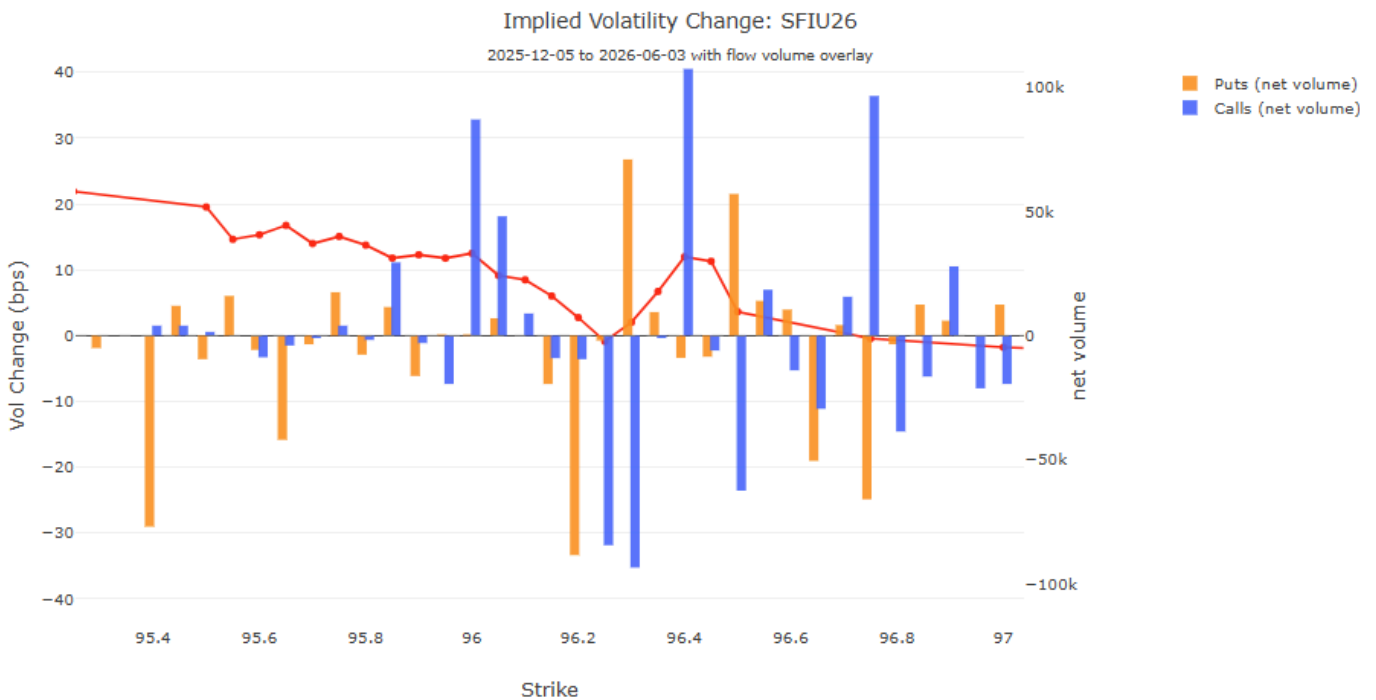
Interestingly, last Friday, we saw funding of this range via SFIU6 96.10/20/30/40 c con vs 95.65/55 ps for 3, with .65 strike requiring Jul hike with 2 hikes px'ed for Sep and Nov- the PS is currently 1.25 mid.

On the put side, there remains negative gamma pockets at 95.65 and 95.40, through the addition of ~65k SFIU6 96.30/96.20/95.40 p ladder.

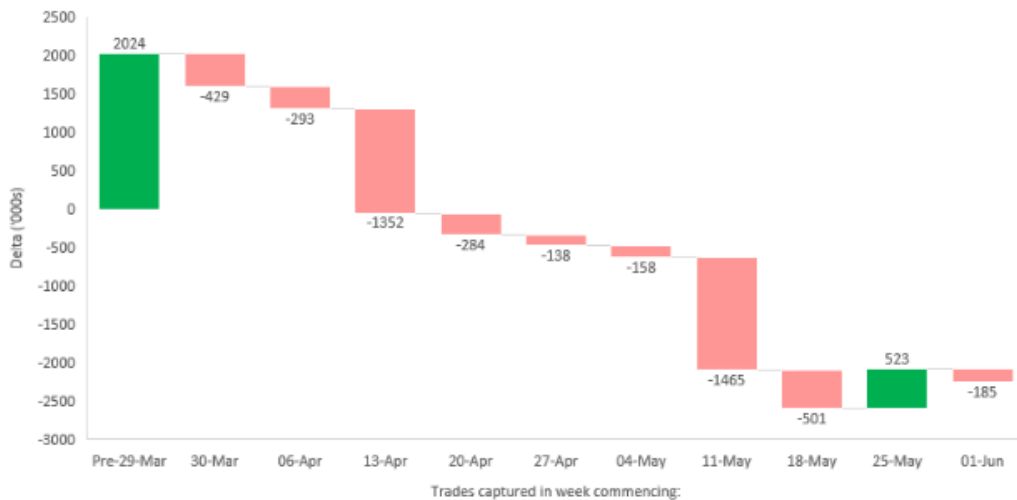
Mapping this to the vol change by strike over the period, you can see the vol of the 25->30 strikes are close to unchanged the past 6 months, while interestingly the 95.65 strike put vol still looks somewhat elevated vs surrounding strikes -> chart below.

Finally, if I extend the analysis to the full history of our positioning data (~2 yrs), I can look at the evolution of delta sensitivity in the SFI contracts to a 50bps sell off or 50bps rally in rates -> charts below.

In summary, the market now trades long gamma on the put side having been short gamma before. But remains short gamma on the call side.

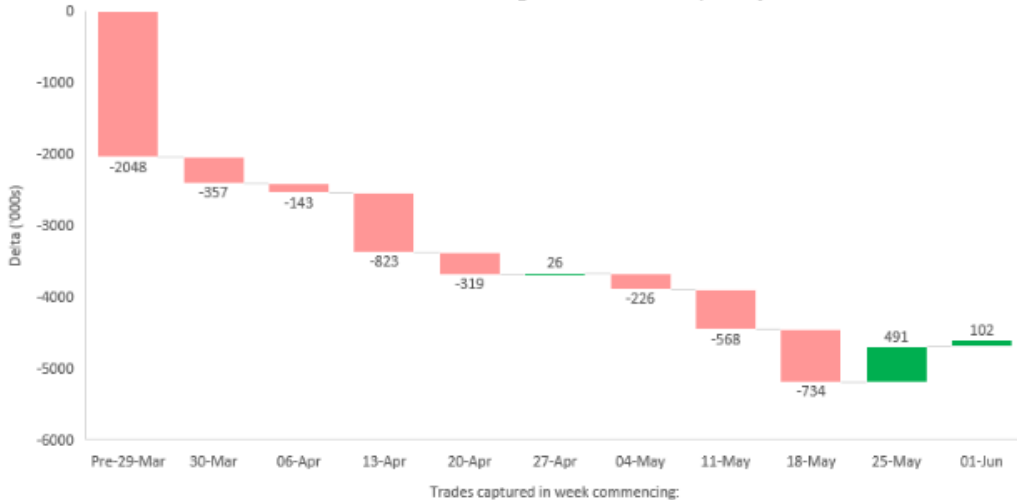


SFI Week-On-Week Change In Delta To 50bp Sell-Off



↑
Shorter
Gamma

SFI Week-On-Week Change In Delta To 50bp Rally



↓
Shorter
Gamma

Thank you
Harry