Outlook

BOE Play for Hikes AND Cuts for Credit

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SFIU6 96.0/95.90/95.70 P Fly, runs 7d, settled -3.25, /-2.75

Below landing grid at exp assuming +25bp June. Close to full hike px'ed Sep with hawkish premium in Nov hurts the trade.

With softer CPI reducing hike bets, **a Jun and Jul hold with cut pricing in Sep / Nov (U6 > 96.250) terminal value of trade at exp -> ~0**

In my opinion GBP rates unch for the year, therefore I'll look to collect credit here. Works well hedging my Rec Z6 pos.

Trade runs positive Theta at inception.

Away from scenario pricing, in a risk off scenario and Rates rally hard -> **you keep credit of -2.75**