Outlook

BOE Hold with Hawkish Bias

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The theme of unchanged rates has been getting more attention with Bailey re-emphasising that removal of cut px'ing was sufficient. For this reason I think a situation of Jun and Jul hold with retaining some of that hawkish premium in Sep / Nov (currently have the most px'ing this year).

I ran our optimiser and aged the trades 1 day before Q6 Exp to 14/08 looking for the best trade to capture a range of pricing outcomes for Sep and Nov meeting given a Jun and Jul hold.

If you think the BOE will need to retain some form of hawkish bias, the highest lvg trade pinning ~96.206 (Implied distribution shows Bi-modal pins at 96.20-30) is:

SFIQ26 96.35/96.25/96.15/95.95 Bkn Put Condor, runs 25d, 0.25 settled

Comparison below with the 'Clean' version and the highest lvg Clean trade. The 96.05/95.95 PS is 3.9 mid.

SFIU26 Comdty settle	Sep BOE	Nov BOE	SFIQ26 96.35/96.25/96.15/95.95 Put Condor pnl, entry=0.25, delta=24.5	SFIQ26 96.35/96.25/96.15/96.05 Put Condor pnl, entry=4.5, delta=11.1	SFIQ26 96.3/96.2/96.1 Put Fly pnl, entry=2.5, delta=6.0
96.254	0	0	9.25	5	2
96.231	0	5	9.75	5.5	4.5
96.208	0	10	9.75	5.5	6.75
96.186	0	15	9.75	5.5	6
96.204	5	0	9.75	5.5	7
96.181	5	5	9.75	5.5	5.5
96.158	5	10	9.75	5.5	3.25
96.136	5	15	8.25	4	1
96.154	10	0	9.75	5.5	3
96.131	10	5	7.75	3.5	0.5
96.108	10	10	5.5	1.25	-1.75
96.086	10	15	3.25	-1	-2.5
96.104	15	0	5.25	1	-2
96.081	15	5	2.75	-1.5	-2.5
96.059	15	10	0.75	-3.5	-2.5
96.036	15	15	-1.75	-4.5	-2.5

Our 1Y Flow positioning shows, relatively large shorts at 96.20-30 (~180k) targeting rates on hold through condors / flies. For U6 underlying, puts are under positioned vs calls, with Q6 being the most under positioned in the targeted range.

Expiry Code / Option Type

Strike	N26 C	N26 P	Q26 C	Q26 P	U26 C	U26 P
96.40	-20k	4k	19k		96k	-31k
96.35	2k	4k	20k		-1k	4k
96.30	26k		14k		-96k	87k
96.25	-19k		-17k	-8k	-64k	-7k
96.20	-2k		-44k		-26k	-70k
96.15	-16k	4k	-21k		-22k	-24k
96.10	-35k		-13k	8k	9k	
96.05	2k	-4k	-8k		57k	5k
96.00	35k	2k	20k		96k	
95.95	8k	-4k	25k		-22k	13k
95.90	7k				-3k	-18k
95.85	400			4k	30k	10k
95.80	-500	4k	4k		-2k	-750
95.75	-4k	-4k		-6k	4k	18k
95.70				-4k	-1k	-4k
95.65				6k	-4k	-42k
95.60	2k	2k		-10k	-9k	-6k
95.55		1k		-4k		16k
95.50					2k	-42k
95.45		-1k		2k	4k	12k
95.40				8k	4k	-78k

A hike in Jun/Jul or a hold with +14 Sep, +14 Nov required to reach lower BE of 96.05 (ex prem)

Landing grid shows max payout in **~45%** of below scenarios and +ve pnl in **~97%**

B SFIQ26 96.35/96.25/96.15/95.95 Put Condor (0.25) at expiry

Projected future | Pnl

Sep2026 rate change \ Nov2026 rate change	-5.0	-2.5	0.0	2.5	5.0	7.5	10.0	12.5	15.0
15	96.127 7.5	96.115 6.25	96.104 5.25	96.093 4.0	96.081 2.75	96.07 1.75	96.059 0.75	96.047 -0.5	96.036 -1.75
12.5	96.152 9.75	96.14 8.75	96.129 7.75	96.118 6.5	96.106 5.25	96.095 4.25	96.084 3.25	96.072 2.0	96.061 0.75
10	96.177 9.75	96.165 9.75	96.154 9.75	96.143 9.0	96.131 7.75	96.12 6.75	96.108 5.5	96.097 4.5	96.086 3.25
7.5	96.202 9.75	96.19 9.75	96.179 9.75	96.168 9.75	96.156 9.75	96.145 9.25	96.133 8.0	96.122 7.0	96.111 5.75
5	96.227 9.75	96.215 9.75	96.204 9.75	96.193 9.75	96.181 9.75	96.17 9.75	96.158 9.75	96.147 9.5	96.136 8.25
2.5	96.252 9.5	96.24 9.75	96.229 9.75	96.217 9.75	96.206 9.75	96.195 9.75	96.183 9.75	96.172 9.75	96.161 9.75
0	96.277 7.0	96.265 8.25	96.254 9.25	96.242 9.75	96.231 9.75	96.22 9.75	96.208 9.75	96.197 9.75	96.186 9.75
-2.5	96.301 4.75	96.29 5.75	96.279 6.75	96.267 8.0	96.256 9.25	96.245 9.75	96.233 9.75	96.222 9.75	96.211 9.75
-5	96.326 2.25	96.315 3.25	96.304 4.25	96.292 5.5	96.281 6.75	96.27 7.75	96.258 9.0	96.247 9.75	96.236 9.75