Outlook

BOE June Hike and Jul Priced

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I ran analysis for the optimised trades for a June Hike and chance of July -> M6 expiry

Trades were re-valued based on the below criteria:

1) +22 Jun, +15 Jul -> M6 at ~95.953
2) Aged 36 days (11/06) -> 1 day before Exp

The top 5 trades, sorted by leverage were:

StrategyName	CurrentPrice	Scenario 1	
		ProjectedPrice| Scenario 1	leverage| Scenario 1
SFIM26 95.9/95.95/96.0/96.05 Call Condor	0.005	0.035	6
SFIM26 95.85/95.95/96.05 Call Fly	0.0125	0.07	4.6
SFIM26 95.85/95.9/95.95/96.0 Call Condor	0.0075	0.0325	3.33
SFIM26 95.75/95.85/95.95/96.05 Call Condor	0.02	0.0825	3.12
SFIM26 95.8/95.95/96.1 Call Fly	0.03	0.12	3

Looking at the top 3 (indic pricing)

SFIM6 95.9/95.95/96.0/96.05 c condor 0.5/1.5, try pay 1.25
SFIM6 95.85/95.95/96.05 c fly 1/2, try pay 1.75
SFIM6 95.85/95.9/95.95/96 c condor 0.25/1

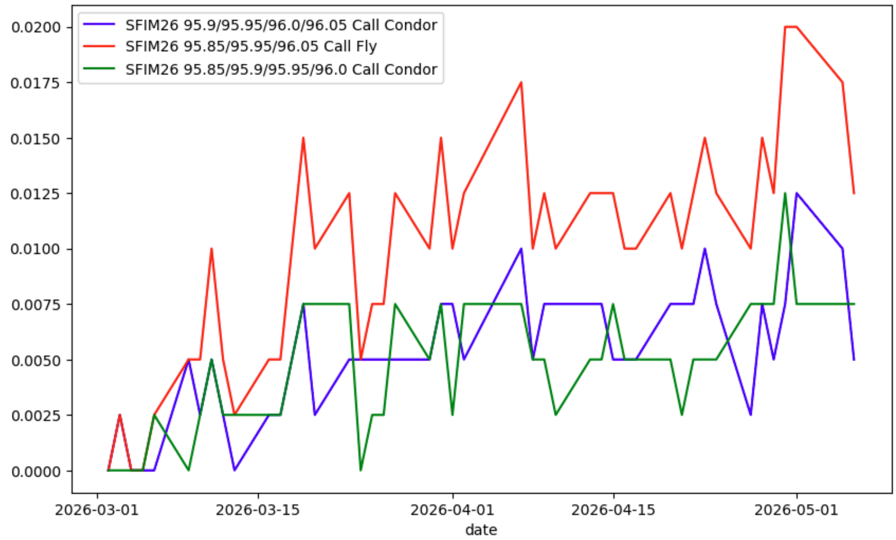
Another expression for this view

Pay Jun BOE ~8.8bps priced

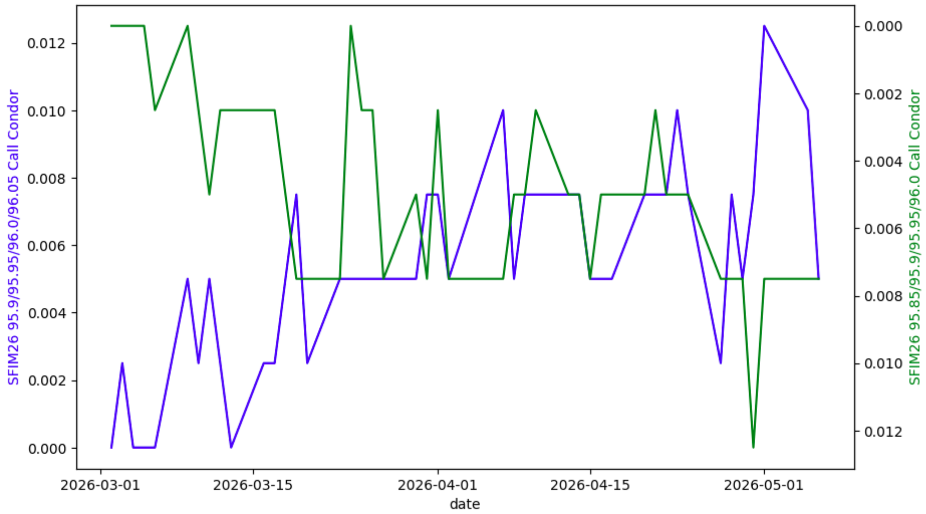
Below is a comparison of leverage of the Option structures + Swap. As the scenario analysis is aged to 1 day prior to exp of option (11th Jun) and meeting is 18th Jun, it's likely that meeting pricing will decay closer to discrete outcomes. For a hike in Jun, we consider from 20bps onwards.

Jun BOE	July BOE	SFIM26 Comdty settle	SFIM26 95.9/95.95/96.0/96.05 Call Condor leverage, entry=0.0125, delta=-1.9	SFIM26 95.85/95.95/96.05 Call Fly leverage, entry=0.0175, delta=-5.0	SFIM26 95.85/95.9/95.95/96.0 Call Condor leverage, entry=0.01, delta=-3.1	GBP Jun26 leverage, entry=3.819
20.0	5.0	96.0	1.9	1.6	0.5	1.8
20.0	10.0	96.0	2.8	2.7	1.3	1.8
20.0	15.0	96.0	3.1	3.7	2.5	1.8
20.0	20.0	95.9	2.7	4.0	3.5	1.8
20.0	25.0	95.9	1.8	3.5	3.9	1.8
25.0	5.0	96.0	3.1	3.6	2.3	2.3
25.0	10.0	96.0	2.8	4.0	3.4	2.3
25.0	15.0	95.9	1.9	3.6	3.9	2.3
25.0	20.0	95.9	1.0	2.7	3.4	2.3
25.0	25.0	95.9	0.4	1.6	2.3	2.3

Below is the comparison in performance of the options structures since start of war:



Below is the comparison in performance of the condors since start of war:



SFIM6 95.9/95.95/96.0/96.05 c condor, settled 0.5, runs 2d

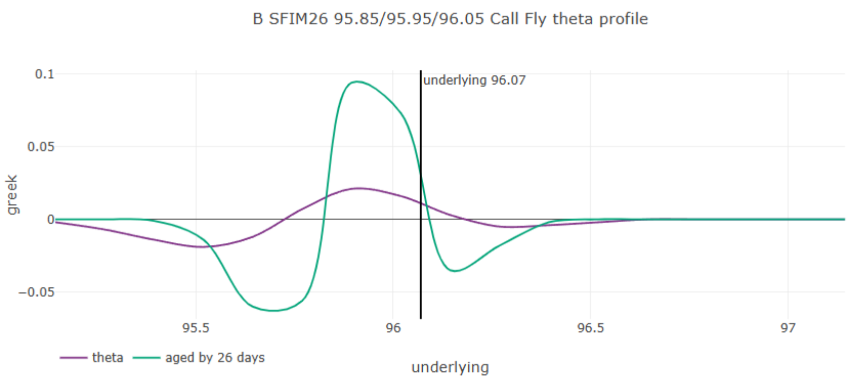
This pins the landing range of M6 from our above scenario, whilst also providing highest lvg (based on settled Px of 0.5)

On inception Theta profile shows trade will sit positive prior to moving in the landing zone based on our scenarios.

SFIM6 95.85/95.95/96.05 c fly, settled 1.25, runs 5d

Runs at a higher abs delta at inception vs Condors

Aging the trade to 1st Jun, if the underlying moves to payout region, trade will sit positive Theta.



SFIM6 95.85/95.9/95.95/96 c condor, settled 0.75, runs 3d

Compared to the other Condor, at inception, this runs at slighter higher abs delta.

Our landing scenario falls just above of upper strike, allowing for a slightly greater hawkish scenario

See below for comparisons for Delta and Theta