

**Re: Weekly Ideas and Themes**

From Harry Dhindsa <harry.dhindsa@silvertidefinancial.com>  
 Date Mon 01/06/2026 18:09  
 To Harry Dhindsa <harry.dhindsa@silvertidefinancial.com>

Hi,

A weekly recap of some of the trade ideas and themes this week in listed and OTC space. **All pricing indicative as of the time the original write up was sent.**

- 1) 10x leverage for BOE to skip Jun & July - SFIQ6 96.10/15/20/25 c con bought at 0.75
  - a. June skip version with a chance of hikes still being priced for 10x
- 2) ERZ6/ERZ7 Bear Flattener - +4k ERZ6 97.00/96.87 ps vs 0RZ6 97.00/96.87 ps @ 0.25
- 3) SFRM7 at the low; retracement/range trade ideas
- 4) Depressed 96.00p used to hedge Fed hike risk
- 5) SOFR Futures RV Trade

10x Leverage for BOE to skip Jun & July

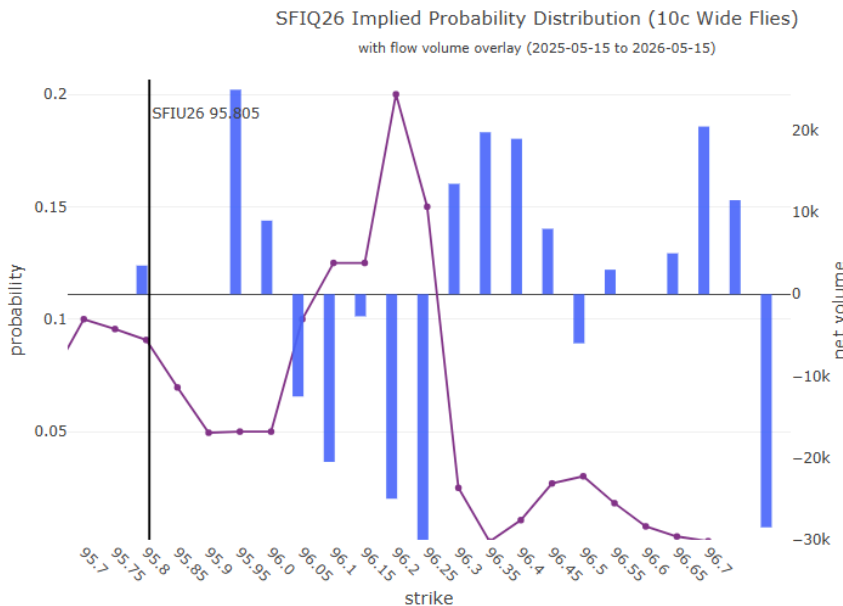
SFIQ6 96.25/96.3/96.35/96.4 C Con bought at 0.75

June skip version with +10 Jul/+7.5 Sep/+7.5 Nov ~ 96.045

SFIN6 95.95/96.00/96.05/96.10 c con at 0.5

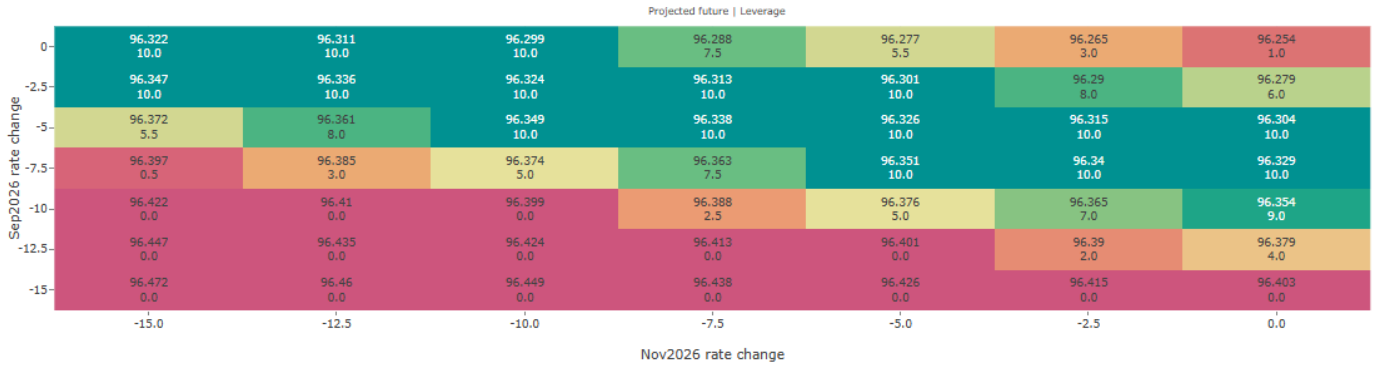
With current pricing ~7bps Jun & ~17bps Jul, the chance of a Jun hike is diminishing relative. In an event we see hold in both meetings, there is an argument that it will be 'too late' for a hike to occur and thus seeing the distribution open for hikes is less plausible. For choice, we therefore prefer the 15 higher strike version that pays on Jun / Jul hold with cutting bias.

The Implied Probability distribution shows the modal pin is firmly at the 96.20 strike relative, the ~55k net short call positioning at the 96.20-25 strikes showing a potential pin zone.



Below we show the Landing Grid based on Sep / Nov pricing

B SFIQ26 96.25/96.3/96.35/96.4 Call Condor (0.50) at expiry



ERZ6/ERZ7 Bear Flattener

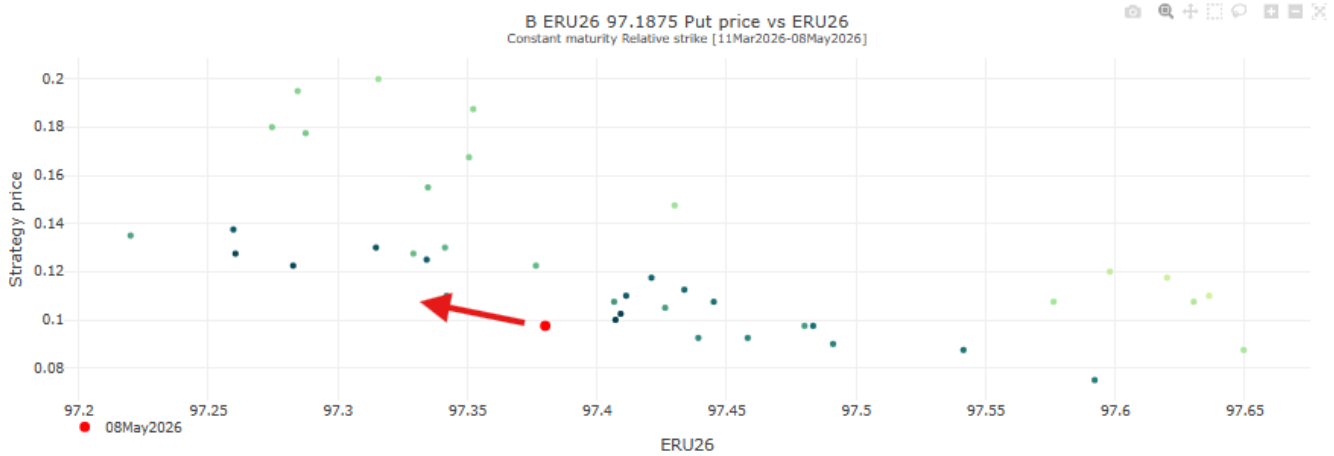
ERZ6 97.00/96.87 ps vs 0RZ6 97.00/96.87 ps @ 0.25

On Wed, despite the move lower in ER today, ERN-ERZ put vols are 2-4 vol lower on the day and at the lows of the recent range.

We have the opinion that this signals the markets ability to hike rates is limited to a 50-75bps cycle.

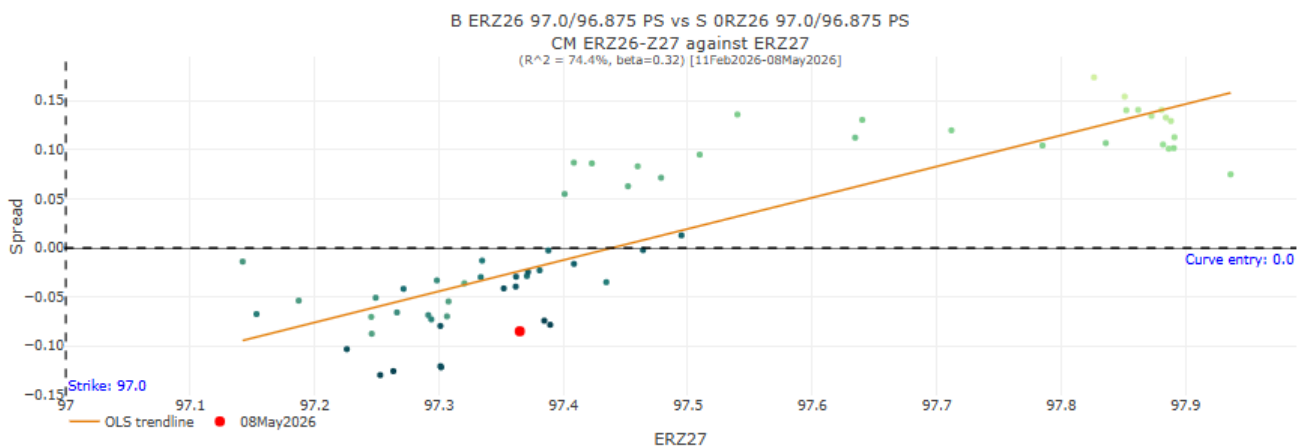
Looking at pricing, it's the Oct and Dec meetings which have cumulative ~15bps priced that, in theory have the most room to reprice if we get a more extended hiking cycle.

Chart below shows the 97.18 Put Price vs ERU6



To take advantage of the cheapening of put vols the Bear flattener is worth considering. Vol ratio on the 97 strikes looks favourable for ERZ6 and towards low end of the 6m range Conditional entry at flat vs z6z7 **-8bps** here so reasonable pick up

Below we show Conditional curve entry vs z6z7 curve and z7 underlying shown below



SFRM7 at the low; Retracement/Range Trade Ideas

On Tuesday, we highlighted with SFRM7 back at the lows, we looked at trades for a retracement back above 96.40 and towards 96.60 over the coming months.

We tried to avoid selling a call tail given the geopolitical volatility/risk still there.

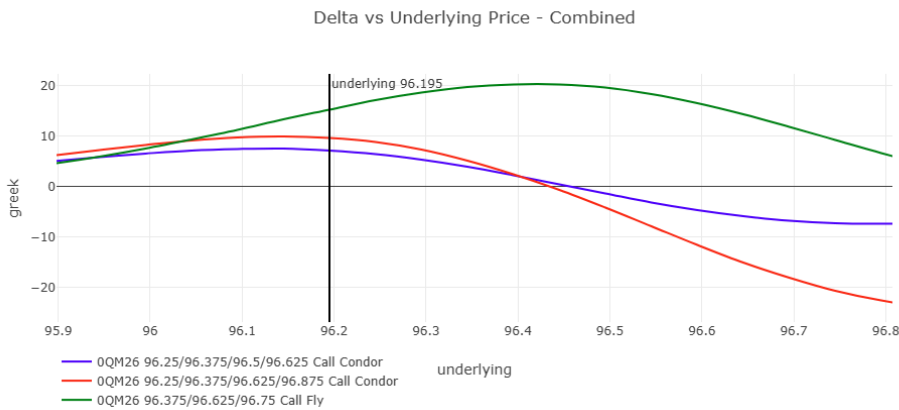
Below we highlight 3 trades

- 1) 0qm6 96.25/96.375/96.50/96.625 C Con for 3 -> offers 3x and covers the range. +9d at inception.
- 2) 0qm6 96.25/96.375/96.625/96.875 Bkn C Con for 3 -> wider max payout range but short the big rally tail above 96.75. Also +9d at inception.
- 3) 0qm6 96.375/96.625/96.75 Bkn C Fly for 2.5 -> higher 9x max payout and makes at least 4x in a big rally, but needs more of a move to start paying out at expiry albeit +11d at inception.

Below a comparison of the structure at inception and aged 15d:

S1 = 0QM26 96.25/96.375/96.5/96.625 Call Condor   S2 = 0QM26 96.25/96.375/96.625/96.875 Call Condor   S3 = 0QM26 96.375/96.625/96.75 Call Fly   Current vs +15d							
SFRM27 Comdty settle	S1 (Current)	S2 (Current)	S3 (Current)	S1 (+15d)	S2 (+15d)	S3 (+15d)	
95.500	0.03	0.03	0.02	0.00	0.00	0.00	
95.625	0.09	0.10	0.05	0.00	0.00	0.00	
95.750	0.24	0.29	0.17	0.03	0.03	0.01	
95.875	0.58	0.68	0.47	0.16	0.17	0.04	
96.000	1.17	1.39	1.10	0.63	0.68	0.24	
96.125	2.00	2.39	2.25	1.78	1.97	0.93	
96.250	2.92	3.48	4.04	3.58	4.12	2.69	
96.375	3.65	4.24	6.39	5.18	6.26	5.87	
96.500	3.91	4.20	8.96	5.47	6.89	9.84	
96.625	3.60	3.06	11.29	4.26	4.97	13.14	
96.750	2.86	0.88	12.95	2.47	0.98	14.66	
96.875	1.96	-1.95	13.79	1.08	-3.70	14.53	
97.000	1.17	-4.89	13.94	0.35	-7.66	13.73	

Below is the Delta profile at differing underlying:



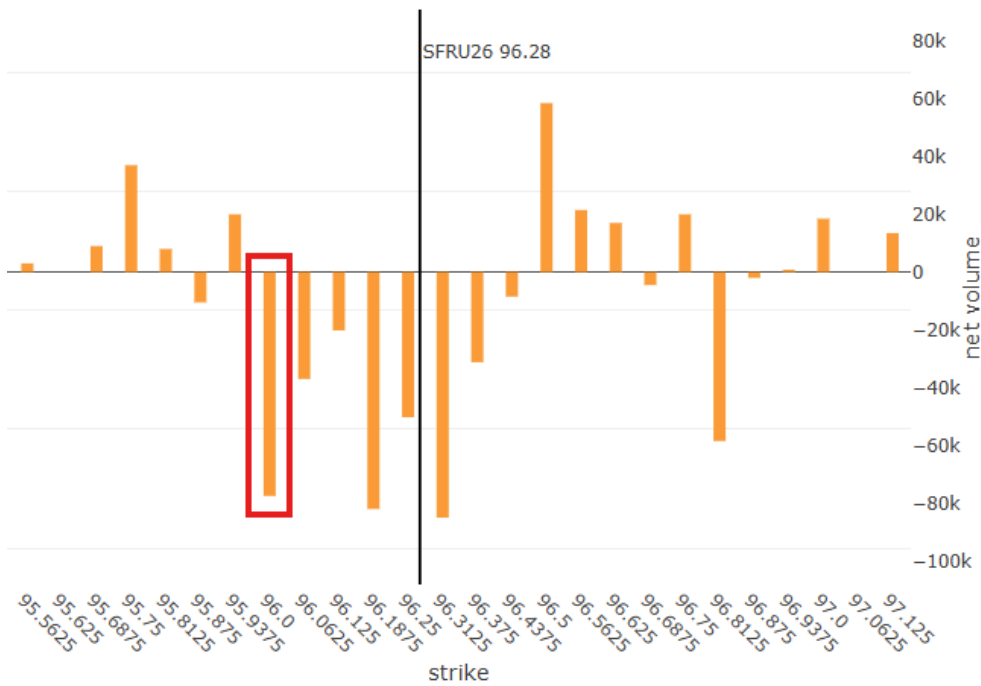
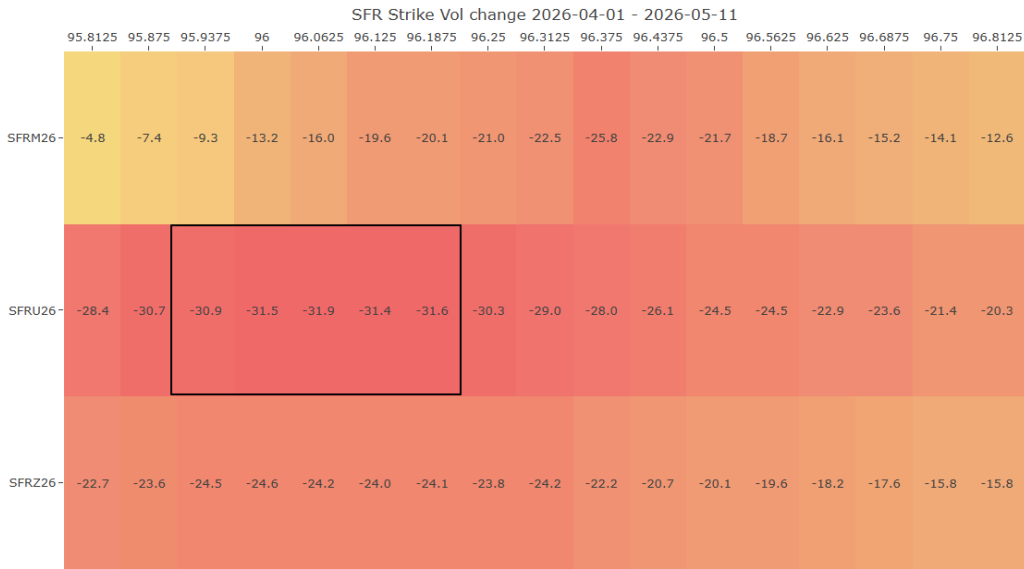
Depressed 96.00p used to hedge Fed hike risk

On Tuesday, we highlighted Paying Sep FOMC has been a popular play. We see SFRU6 ps as an alternative using the depressed 96.00p to hedge Fed hike risk.

The 96.00p are big short strikes across SFR and the U6 line has been hurt the most. SFRU6 96.00p has fallen 31.5n since April 1st

SFRU6 96.00/95.75ps at 1.75

SFRU6 96.0p @ 3.75 vs 96.285

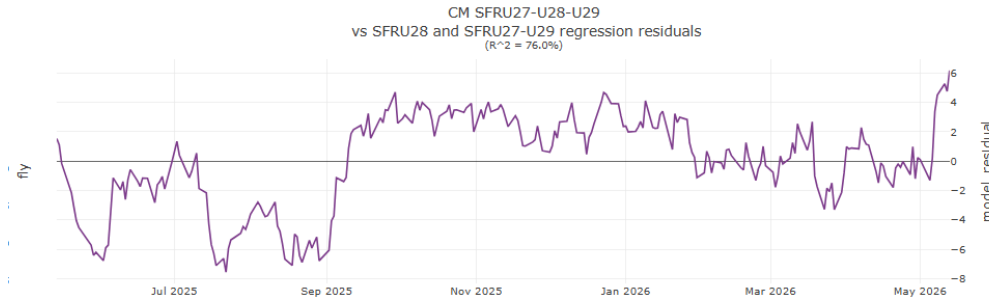
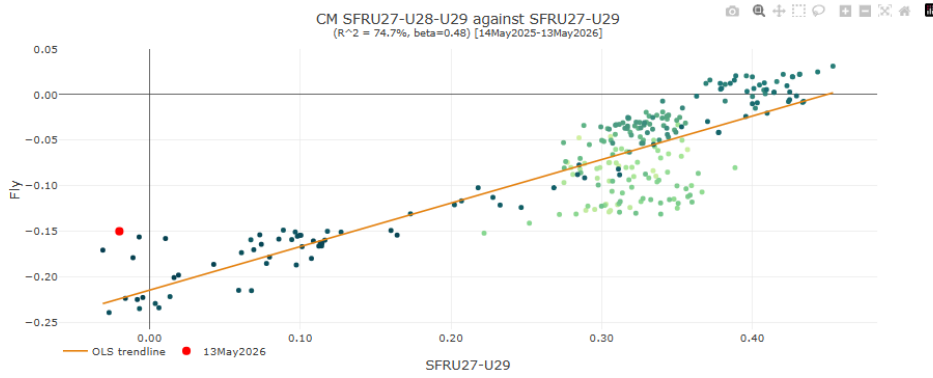


**SOFR Futures RV Trade**

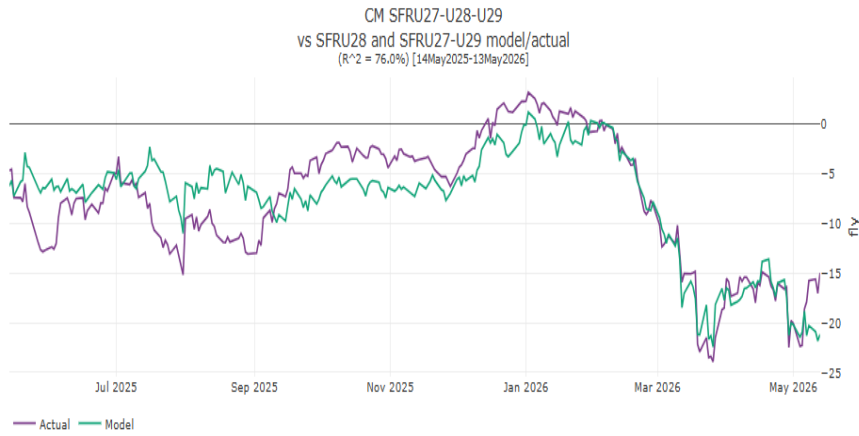
1. Sell SFRU27-U28-U29 Fly 1x2x1 = -14.5/-14 (rolls to -18/-17.5)  
Or weighted using the PC's of our Model to reduce directionality providing a cleaner RV play
2. Sell SFRU27-U28-U29 Fly 1x2.25x1 = -24.2125/-24.205

**SFRU8 looks cheap across multiple lenses and runs with positive carry**

- **Relative to curve:** The red dot on the first chart shows the curve is at a residual when compared to the fly and is deviated from the OLS.  
The second chart shows historically the residual is at 1y highs.



- **Regression analysis:** Our multi-factor model - regressing Fly vs Slope and Belly shows ~6bps of cheapness



- **Carry:** When looking at the 3m aged structure, we can see the cheapening of the fly from embedded C/R

