MNI Pi (Positioning indicator)

Contract	Structural position	Position Size	Latest week's trade	3m Z-score of price	Contract price (1m)
🇩🇪 Schatz	Short		set longs	1.73	
🇩🇪 Bobl	Long		set longs	1.37	
🇩🇪 Bund	Very long		set longs	-1.13	
🇩🇪 Buxl	Long		set longs	0.22	
🇫🇷 OAT	Short		set longs	0.70	
🇮🇹 BTP	Flat		set longs	0.96	
🇬🇧 Gilt	Long		set longs	-0.75	

Six month history of MNI Pi Estimates

Positioning History: Germany — Schatz, Bobl, Bund, Buxl

Positioning History: others — OAT, BTP, Gilt

Updated Sep 22, 2020 based on OI/price data through Sep 21, 2020. MNI Pi provides an estimate of fast money positioning in futures. Calculations are for guidance only, and are not trade recommendations in any way.

For full methodology visit: https://tinyurl.com/MNI-PI-Methodology
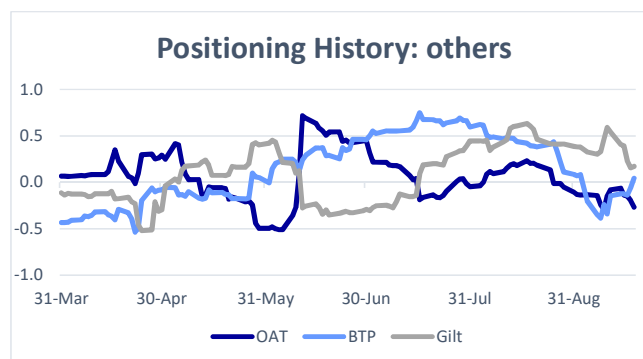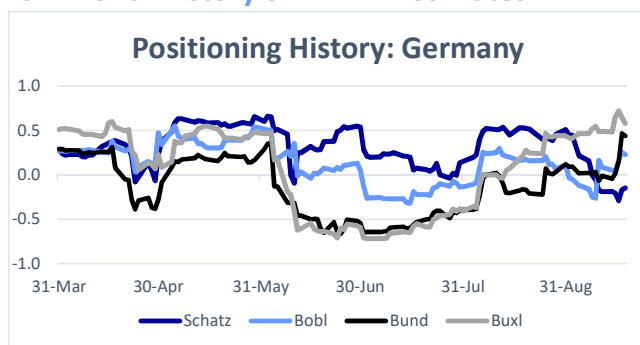
MNI Comment: Two weeks after the completion of the EGB futures roll, we have seen very much mixed structural positioning. The only consistent theme has been longs set in the past week across all contracts.

🇩🇪 **Bobl** and **Buxl** have both seen positioning move further **long** over the past couple of weeks, but the standout in Germany is **Bund** which is **very long**. This is a reversal from flat/short in mid/late August, and in contrast to **Schatz**, which has moed from long to **short** over the same period.

🇫🇷 **OAT** positioning has dipped back into **short** territory, where it has hovered alternately with flat positioning over the last couple of months.

🇬🇧 **Gilt** positioning was **long** going into the roll and remains so, though it has come off the longest levels seen since late July.

🇮🇹 **BTP** positioning has finally retraced from long/very long seen over most of the summer, and is now **flat**.

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Explanation: MNI Pi provides an estimate of the fast money positioning in futures markets. Conceptually, the calculation looks first at the general direction of the bond market. For example, if prices are rising they can be fresh buyers or short covering. If open interest is rising as market prices improve, then we assume that fresh buyers are arriving. By contrast, if markets rise because of short covering, then open interest would fall. More specifically, MNI looks at correlations between daily changes in open interest and market direction over a six week period. We use front-month open interest and we exclude particularly heavy contract rolling days. These calculations are for guidance only and are not trade recommendations in any way.

The matrix below shows the 4 possible combinations of movement between open interest and price changes and what these combinations imply for market positioning.

Matrix: relationship between price direction and open interest changes

		Open interest direction	
		Up	Down
Contract Price Chg	Up	Fresh Longs	Short cover
	Down	Fresh Shorts	Liquidate Longs

Uses: Estimating market positioning is useful for determing whether a contract might have a price bias in the future. However, it becomes more interesting as the contract approaches delivery and investors roll into the next calendar date. Rolling a long position would put upward pressure on the new contract and downward pressure on the current and vice versa.

How to Read: For each contract we report a summary of the market positioning i.e. flat/long/short, a chart of the position to give more accuracy, the most recent trade (past week), a Z-score of the 3 month price move so the reader can quickly see if prices are rising/falling and then finally small chart of a 1 month price history.