



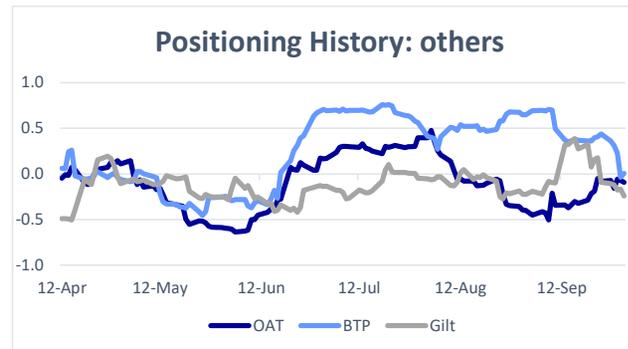
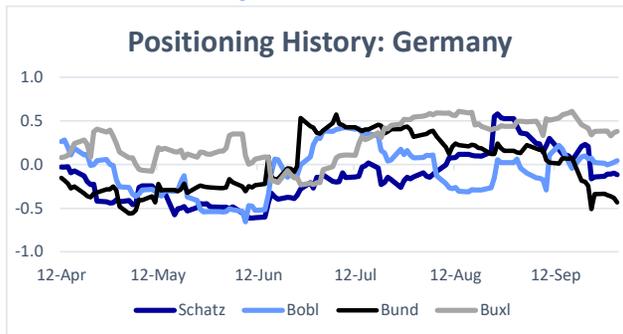
MNI Pi (Positioning indicator)



MNI Comment: Since the Sep-Dec roll a month ago, most European bond futures contracts have moved from extremes toward "flat" territory (comprising 4 of 7 contracts), and only one structural "long". Last week's positioning was mixed, with both longs and shorts set, and some longs reduced.

Structural positioning across the German space is mixed. At the short-end/belly are **Schatz** and **Bobl**, both of which are structurally **flat** (though longs were set last week). However, **Bund** holds the **shortest** positioning in our Europe Pi, and **Buxl** the **longest**.

Six month history of MNI Pi Estimates



OAT positioning has moved away from short territory in late August, to **flat** currently. Shorts were set last week.

Gilt positioning has moved to modestly **short**, despite a brief uptick into modest long territory in September. Shorts were set last week.

BTP structural positioning has come well off the longs of most of the previous 5 months, to **flat** currently. Last week saw some longs reduced.

Updated Oct 4, 2021 based on OI/price data through Oct 1, 2021. 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 Pi (Positioning indicator)

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 determining 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.