## MNI Pi (Positioning indicator)

| Contract | Structural position | Position Size | Latest week's trade | 3m Z-score of price | Contract price (1m) |
|---|---|---|---|---|---|
| Schatz | Short | | set shorts | -2.28 | |
| Bobl | Very short | | set shorts | -2.40 | |
| Bund | Short | | reduce longs | -2.44 | |
| Buxl | Flat | | set shorts | -2.32 | |
| OAT | Very short | | reduce longs | -2.29 | |
| BTP | Flat | | set longs | -1.66 | |
| Gilt | Short | | reduce longs | -2.53 | |

**MNI Comment:** Futures contracts have come out of the Jun-Sep roll (for most EGBs, peaking from end-May through first week of Jun) in mixed fashion. BTPs notably moved away from long-standing short territory, with OATs and Bobl structural positioning moving increasingly short.

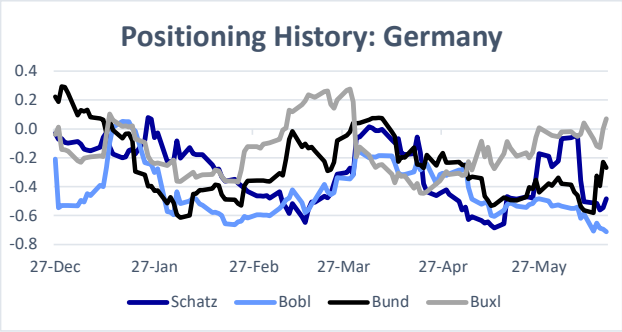
German futures remain mostly in short positioning post-roll. **Bobl** remains **very short** and has moved even shorter since our last biweekly update. **Buxl** remains **flat** and **Schatz** and **Bund** remain **short**. Shorts were set in all German contracts last week, with the exception of Bunds which saw reduction in longs.

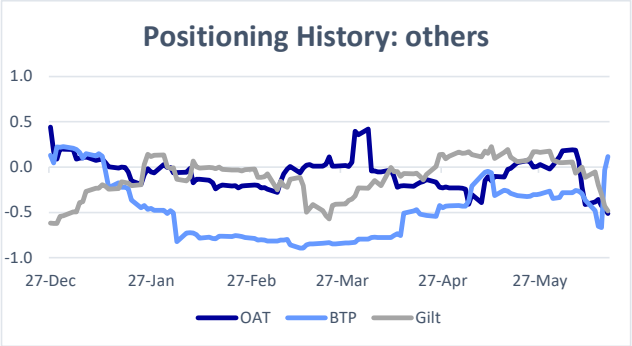
**OAT** positioning moved sharply toward **very short** over the past couple of weeks, with the French legislative elections (Jun 19) potentially playing a role (longs reduced last week).

**Gilt** structural positioning has moved increasingly **short** (vs flat in our last biweekly update). Longs were reduced last week.

**BTP** structural positioning has moved out of short territory for the first time since the beginning of 2022, last seen **flat.** Longs were set last week.

## Six month history of MNI Pi Estimates




**Updated Jun 20, 2022** based on OI/price data through Jun 17, 2022. 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 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.