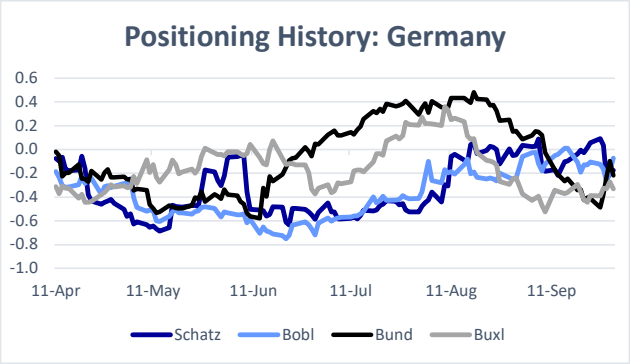
MNI Pi (Positioning indicator)

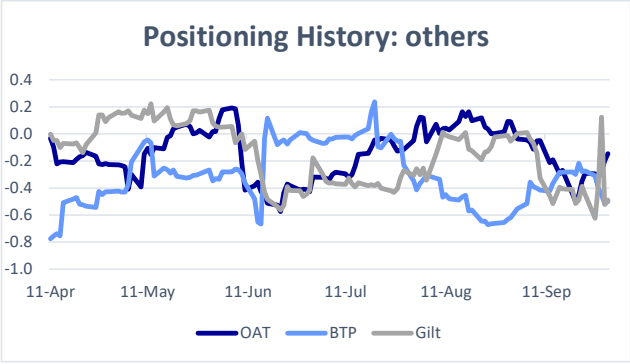
Contract	Structural position	Position Size	Latest week's trade	3m Z-score of price	Contract price (1m)
Schatz	Flat		short cover	-1.30	
Bobl	Flat		set longs	-1.36	
Bund	Short		set shorts	-1.46	
Buxl	Short		reduce longs	-1.58	
OAT	Flat		reduce longs	-1.57	
BTP	Short		set shorts	-1.53	
Gilt	Short		reduce longs	-1.73	

MNI Comment: Structural positioning in European bond futures contracts has stayed flat/short since our last biweekly update, with some notable volatility in Gilt positioning in the interim. Last week saw a mixture of
trade, with both shorts and longs set and reduced.

There has been no change in the structural positioning of any German futures contract since our last update, though trade last week was mixed. **Schatz** (short cover last week) and **Bobl** (longs set last week) positioning remains **flat,** with **Bund** (shorts set last week) and **Buxl** (longs reduced last week) positioning still short.

Six month history of MNI Pi Estimates





OAT positioning has shifted back into **flat** territory vs short in our last update. Longs were reduced last week.

Gilt positioning jumped briefly into flat territory early last week amid market dislocations, but returned structurally **short** as markets calmed. Last week saw longs reduced.

BTP structural positioning is the most **short** in our MNI Pi matrix. Shorts were set last week.

Updated Oct 3, 2022 based on OI/price data through Sep 30, 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.