



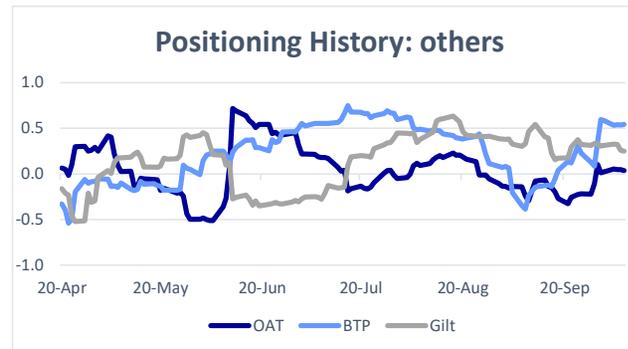
MNI Pi (Positioning indicator)



MNI Comment: Overall, positioning is a bit more long than it was in mid-Sept. **Of note**, the strong performance of the BTP in recent weeks (1st contract marching to all-time highs) is mirrored in much longer positioning.

The standout move in Germany over the past few weeks has been in **Buxl**, drifting from long to **flat**, with shorts set last week. The other 3 German contracts saw longs set last week. At the short end, **Schatz** is little changed, in **short** territory. **Bobl** remains **long**, while **Bund** has come back a bit to **long** vs very long previously.

Six month history of MNI Pi Estimates



Updated Oct 12, 2020 based on OI/price data through Oct 9, 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>

OAT positioning has moved back from short territory to **flat**, with longs set last week.

Gilt positioning is **long**, though off the longest levels seen in Aug-Sep. Last week saw a reduction in longs.

BTP positioning has returned to **very long** positioning, where it spent much of the summer - further longs were set last week.

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.