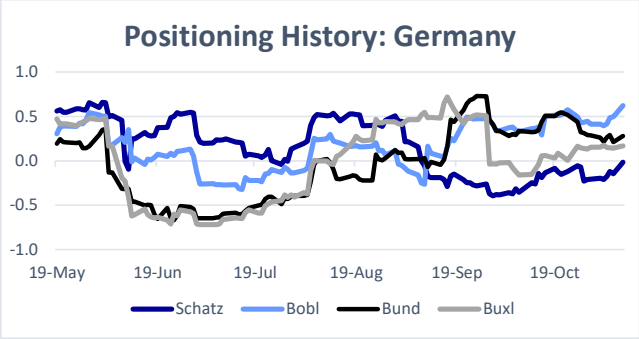
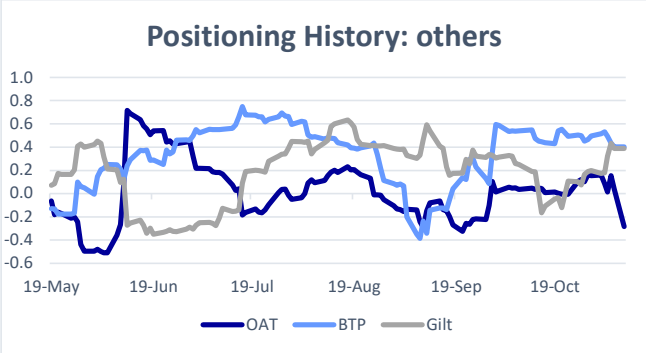
MNI Pi (Positioning indicator)

Contract	Structural position	Position Size	Latest week's trade	3m Z-score of price	Contract price (1m)
Schatz	Flat		reduce longs	0.17	
Bobl	Very long		reduce longs	-0.19	
Bund	Long		set shorts	-0.84	
Buxl	Flat		reduce longs	-0.38	
OAT	Short		set shorts	-0.02	
BTP	Long		reduce longs	0.93	
Gilt	Long		reduce longs	-2.98	

Six month history of MNI Pi Estimates





Updated Nov 10, 2020 based on OI/price data through Nov 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

MNI Comment: A sharp price move lower across EGBs/Gilts on Monday following news of an apparently effective Pfizer vaccine for COVID forced significant reduction in longs almost across the board (OATs the lone exception), based on falling OI alongside. There were no structural shorts in any single futures contract coming into this week, by our estimate.

Schatz, Bobl, and Buxl have all seen longs reduced over the past week, with shorts set in Bund.

Structural positioning is now mixed: **Bobl** is **very long**, **Bund long**, while **Schatz** and **Buxl** are **flat**.

OAT positioning is now **short**, having been flat for the preceding few weeks - short setting has been seen in the past week**,** incl Monday (-150 ticks in price, +1.2% OI).

Gilt structural positioning has gone the opposite way to OATs, moving **long** from flat, despite longs reduced in the past week.

BTP positioning remains **long**, though has come slightly off the boil vs recent weeks, with longs reduced in the past 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 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.