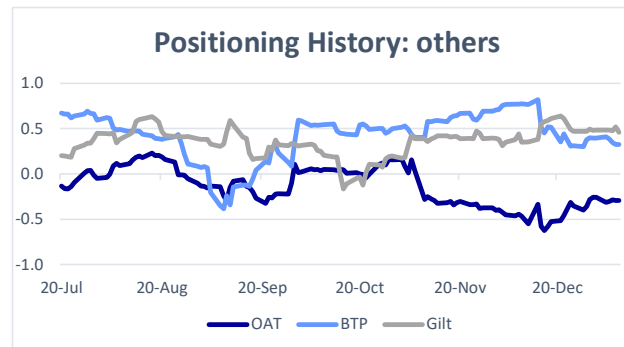
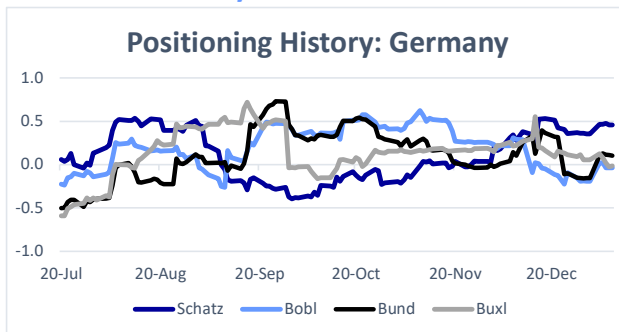




MNI Pi (Positioning indicator)



Six month history of MNI Pi Estimates



Updated Jan 11, 2021 based on OI/price data through Jan 8, 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 Comment: The new year has not seen much adjustment in European futures structural positioning, leaving off pretty much where we left off before the holiday trading period. If anything recent moves have tended toward moves away from longs, with last week seeing longs reduced in Schatz and Gilt, and with shorts set in all other contracts (apart from BTP with longs set).

Most positioning along the German curve is **flat (Bobl, Bund and Buxl)**, each of which saw shorts set last week). The exception being **Schatz** with its **long** positioning (though longs reduced last week).

OAT structural positioning remains **short** where it has been for most of the past 3 months - further shorts were set last week.

Gilt positioning has been **long** for the past couple of months, though we saw longs reduced last week.

BTP positioning is **long**, albeit not to the same degree as Nov/early Dec. That said, 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.