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	-1.49	
Bobl	Long		reduce longs	-2.32	
Bund	Flat		reduce longs	-2.06	
Buxl	Flat		set shorts	-3.01	
OAT	Flat		set shorts	-2.13	
BTP	Long		short cover	1.40	
Gilt	Flat		set shorts	-3.01	

MNI Comment: Most European bond futures contracts have maintained "flat" structural positioning since our last biweekly update. This has come amid price deterioration for core/semi-core EGBs and Gilts as the "reflation" trade has picked up steam globally. In contrast, BTPs have rallied amid lower political risk.

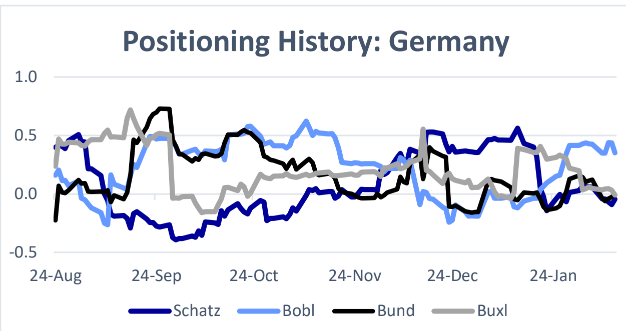
Bobl has retained its long structural positioning over the past few weeks, despite longs being reduced last week. While **Schatz** and **Bund** also saw longs reduced last week, overall positioning remains **flat**. Notably, **Buxl** has shifted to **flat** from long previously, with shorts set last week.

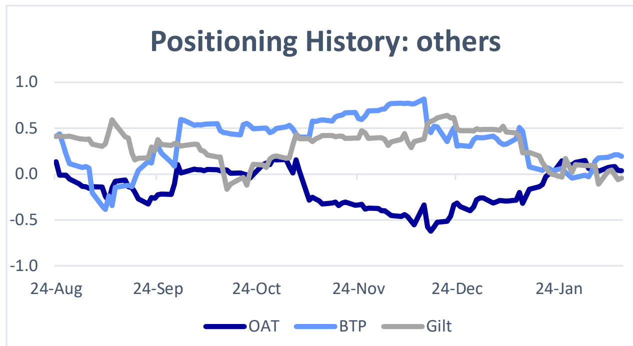
OAT structural positioning has done little in the past fortnight, remaining **flat**. Shorts were **set last week.**

Gilt positioning has remained **flat** through 2021 so far after spending most of late 2020 in long territory (pre-Brexit deal). Still flat now, with shorts set last week.

BTP positioning has moved back to **long** after briefly moving flat in late January. The contract saw some short covering last week.

Six month history of MNI Pi Estimates





Updated Feb 15, 2021 based on OI/price data through Jan 29, 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 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.