MNI Pi (Positioning indicator)

	Contract	Structural position	Position Size	Latest week's trade	3m Z-score of price		Contract price (1m)
🇩🇪	Schatz	Short		reduce longs		-0.38	
🇩🇪	Bobl	Flat		reduce longs		0.23	
🇩🇪	Bund	Short		reduce longs		0.61	
🇩🇪	Buxl	Short		short cover		1.11	
🇫🇷	OAT	Flat		short cover		0.98	
🇮🇹	BTP	Flat		reduce longs		1.54	
🇬🇧	Gilt	Flat		short cover		1.15	

Six month history of MNI Pi Estimates

Positioning History: Germany

Legend: Schatz, Bobl, Bund, Buxl

Positioning History: others

Legend: OAT, BTP, Gilt

Updated Nov 29, 2022 based on OI/price data through Nov 28, 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 Comment: Overall European bond futures positioning remains short/flat, though the prevailing theme over the past couple of weeks has been an edging away from extreme shorts. Indeed, outside of Germany, there is no structural short positioning. The most recent week of trade saw short cover and long reduction across contracts.
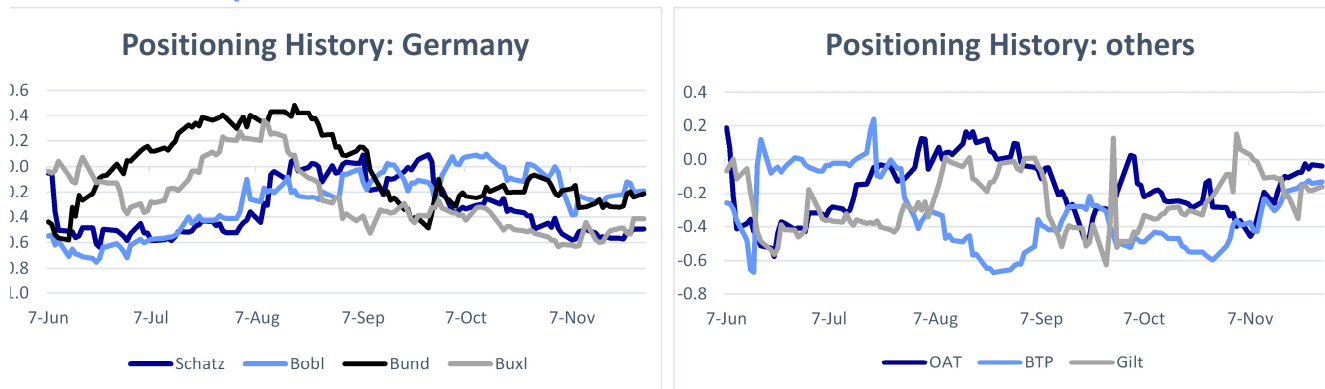
🇩🇪 In Germany, **Schatz** structural positioning remains the **shortest** in our matrix, followed closely by **Buxl -** though both have moved away from "very short" territory. **Bund** remains **short**. The standout is **Bobl** which is **flat**. The most recent week saw a mix of short cover and long reduction.

🇫🇷 **OAT** positioning is unchanged at **flat** since our last update, with some short covering seen in the most recent week of trade.

🇬🇧 **Gilt** positioning is nominally **flat** - the same as in our last update - but the signal may be distorted by the ongoing Dec to Mar roll.

🇮🇹 **BTP** positioning is currently **flat**, with longs reduced last week. Note the contract has gone from the shortest in our matrix a month ago, to one of the least short.

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.