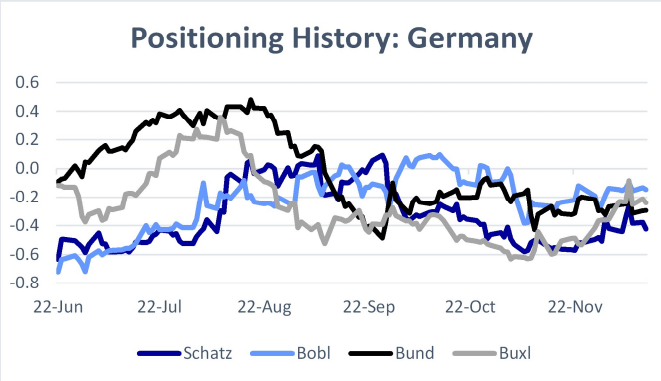
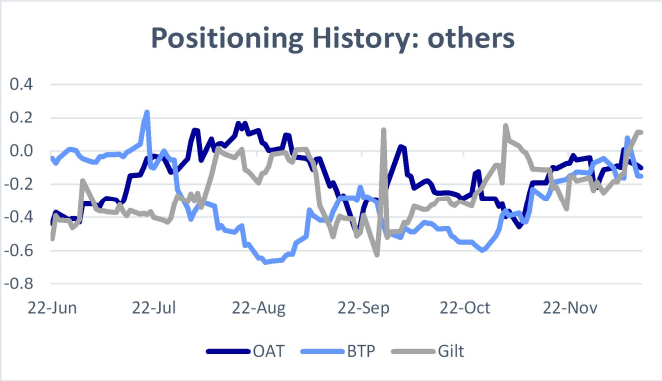
MNI Pi (Positioning indicator)

Contract	Structural position	Position Size	Latest week's trade	3m Z-score of price	Contract price (1m)
Schatz	Short		set shorts	-1.22	
Bobl	Flat		set shorts	-0.94	
Bund	Short		set shorts	0.43	
Buxl	Short		set shorts	0.89	
OAT	Flat		set shorts	0.47	
BTP	Flat		set longs	0.30	
Gilt	Flat		reduce longs	0.56	

Six month history of MNI Pi Estimates





Updated Dec 14, 2022 based on OI/price data through Dec 13, 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: Following the Dec / Mar contract roll at the turn of the month, early post-roll signals are that overall European bond futures positioning remains flat-to-short. The past week has seen mostly short-setting, mostly
in Germany, where short positioning is most prominent.

In Germany, **Schatz** structural positioning remains the **shortest** in our matrix. It is joined in **short** territory by **Bund** and **Buxl**. Once again, the standout is **Bobl** which is **flat**. The most recent week saw short cover across all the German contracts. However, the bigger picture is that all of these contracts are generally moving away from the more extreme short territory seen in late Oct/early Nov.

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

Gilt positioning is **flat,** unchanged since our last update - but it is the contract that is closest to net "long" territory. Longs were reduced in the past week.

BTP positioning is **flat**, though longs were set last week.

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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.