

Introduction to CoT

Shows how traders are positioned in futures

Commitments of Traders

Commitments of Traders (COT) Reports Descriptions

Introduction and Classification Methodology

The Commodity Futures Trading Commission (Commission or CFTC) publishes the Commitments of Traders (COT) reports to help the public understand market dynamics. Specifically, the COT reports provide a breakdown of each Tuesday's open interest for futures and options on futures markets in which 20 or more traders hold positions equal to or above the reporting levels established by the CFTC.

Source: [CFTC](#)

Different report types: legacy vs. disaggregated

Legacy: original report type from 1986, fewer categories

Disaggregated: newer version from 2006, more categories

Legacy report example

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CORN - CHICAGO BOARD OF TRADE                                     Code-002602
OPTION AND FUTURES COMBINED POSITIONS AS OF 05/28/19
-----|-----
      NON-COMMERCIAL      | COMMERCIAL      | TOTAL      | NONREPORTABLE
-----|-----|-----| POSITIONS
      Long | Short | Spreads | Long | Short | Long | Short | Long | Short
-----|-----|-----|-----|-----|-----|-----|-----|-----|-----
(CONTRACTS OF 5,000 BUSHEL)                                OPEN INTEREST:    2,495,825
COMMITMENTS
399,834  332,501  759,010  949,488  1127814  2108332  2219325  387,493  276,500

CHANGES FROM 05/21/19 (CHANGE IN OPEN INTEREST:    134,806)
22,087  -79,333  51,759  13,829  133,205  87,675  105,631  47,131  29,175

PERCENT OF OPEN INTEREST FOR EACH CATEGORY OF TRADER
16.0    13.3    30.4    38.0    45.2    84.5    88.9    15.5    11.1

NUMBER OF TRADERS IN EACH CATEGORY (TOTAL TRADERS:    941)
252      173      272      427      427      806      753

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Source: [CFTC](#)

Disaggregated report example

Disaggregated Commitments of Traders- Options and Futures Combined Positions as of May 28, 2019											
Reportable Positions											

: Producer/Merchant : Swap Dealers : Managed Money : Other Reportables :											
: Processor/User : Swap Dealers : Managed Money : Other Reportables :											
: Long : Short : Long : Short : Spreading: Long : Short : Spreading: Long : Short : Spreading :											

CORN - CHICAGO BOARD OF TRADE (CONTRACTS OF 5,000 BUSHELS)											
CFTC Code #002602											
Open Interest is 2,495,825											
: Positions											
: 668,995	931,341	153,182	69,162	127,311	236,138	256,874	276,387	163,696	75,626	482,623	:
: Changes from: May 21, 2019											
: 12,691	110,743	-4,455	16,869	5,593	10,694	-85,299	16,695	11,392	5,966	35,064	:
: Percent of Open Interest Represented by Each Category of Trader											
: 26.8	37.3	6.1	2.8	5.1	9.5	10.3	11.1	6.6	3.0	19.3	:
: Number of Traders in Each Category											
: 401	399	15	16	23	89	71	96	163	102	176	:

Source: [CFTC](#)

Different report types: futures or futures and options

Futures and options report converts option positions into futures on a delta-equivalent basis

Historical Compressed

Disaggregated Futures Only Reports:

The complete Disaggregated Commitments of Traders Futures Only reports file from September 2009 is included by year.

2019 (Text , Excel)	2018 (Text , Excel)	2017 (Text , Excel)
2016 (Text , Excel)	2015 (Text , Excel)	2014 (Text , Excel)
2013 (Text , Excel)	2012 (Text , Excel)	2011 (Text , Excel)
2010 (Text , Excel)	2006-2016 (Text , Excel)	

Disaggregated Futures-and-Options Combined Reports:

The complete Disaggregated Commitments of Traders Futures-and-Options Combined reports file from September 2009 is included by year.

2019 (Text , Excel)	2018 (Text , Excel)	2017 (Text , Excel)
2016 (Text , Excel)	2015 (Text , Excel)	2014 (Text , Excel)
2013 (Text , Excel)	2012 (Text , Excel)	2011 (Text , Excel)
2010 (Text , Excel)	2006-2016 (Text , Excel)	

Source: [CFTC](#)

Disaggregated trader categories in commodities

Producers & Merchants: commercial producers and users

Swap Dealers: use futures to hedge price risk related to swaps

Money Managers: registered CTA, CPO, or fund entity

Other Reportables: large traders above a contract's reportable limit

Non-reportables: small traders

Disaggregated trader categories in commodities

CORN - CHICAGO BOARD OF TRADE

Code-002602

Disaggregated Commitments of Traders - Options and Futures Combined, May 28, 2019

Reportable Positions													Nonreportable Positions	
Open Interest	Long	Short	Long	Short	Spreading	Long	Short	Spreading	Long	Short	Spreading	Long	Short	
: (CONTRACTS OF 5,000 BUSHEL)														
Positions														
All	2,495,825	668,995	931,341	153,182	69,162	127,311	236,138	256,874	276,387	163,696	75,626	482,623	387,493	276,500
Old	1,472,474	384,163	454,287	82,947	50,411	57,400	185,088	266,558	137,313	127,838	113,159	284,887	212,838	108,459
Other	1,023,351	284,832	477,054	105,696	54,212	34,450	116,438	55,704	73,685	97,837	24,448	135,756	174,655	168,042
Changes in Commitments from:														
May 21, 2019														
	134,806	12,691	110,743	-4,455	16,869	5,593	10,694	-85,299	16,695	11,392	5,966	35,064	47,131	29,175

Source: [CFTC](#)

Disaggregated trader categories in financials

Dealers: sell-side companies that use futures to hedge product price risks

Asset Managers: pension and mutual funds, endowments, insurance companies

Leveraged Funds: hedge funds, including CTAs/CPOs

Other Reportables: corporate treasuries, banks, mortgage originators

Disaggregated trader categories in financials

Traders in Financial Futures - Options and Futures Combined Positions as of May 28, 2019

Dealer :			Asset Manager/ :			Leveraged :			Other :			Nonreportable :	
Intermediary :			Institutional :			Funds :			Reportables :			Positions :	
Long :	Short :	Spreading:	Long :	Short :	Spreading:	Long :	Short :	Spreading:	Long :	Short :	Spreading:	Long :	Short :
CANADIAN DOLLAR - CHICAGO MERCANTILE EXCHANGE (CONTRACTS OF CAD 100,000)													
CFTC Code #090741						Open Interest is		153,275					
Positions													
42,876	2,449	3,843	28,581	41,424	4,188	10,873	45,685	17,976	13,244	2,047	11	31,685	35,653
Changes from:		May 21, 2019				Total Change is:		25					
-195	377	66	593	-2,240	59	669	2,059	-314	214	-7	-44	-1,023	70
Percent of Open Interest Represented by Each Category of Trader													
28.0	1.6	2.5	18.6	27.0	2.7	7.1	29.8	11.7	8.6	1.3	0.0	20.7	23.3
Number of Traders in Each Category						Total Traders:		107					
11	.	9	11	20	12	13	33	17	13	.	.		

Source: [CFTC](#)

Data prep: scale by open interest

Market open interest changes over time

Increased open interest: net positioning looks more extreme than it actually is

Decreased open interest: net positioning looks less extreme than it actually is

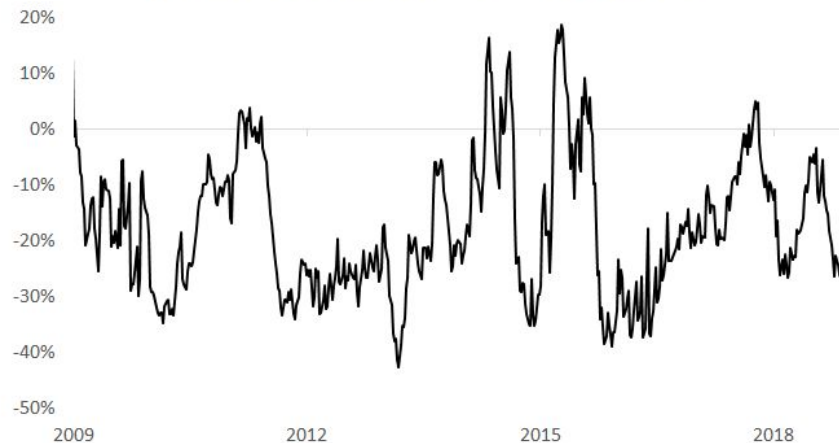


Data prep: scale by open interest

Net Leveraged Money Position in VIX Futures



Net LM Position in VIX Futures as % of OI



Data prep: normalize net positioning

Net long 20% of the open interest might be historically extreme positioning in one contract, but normal in another

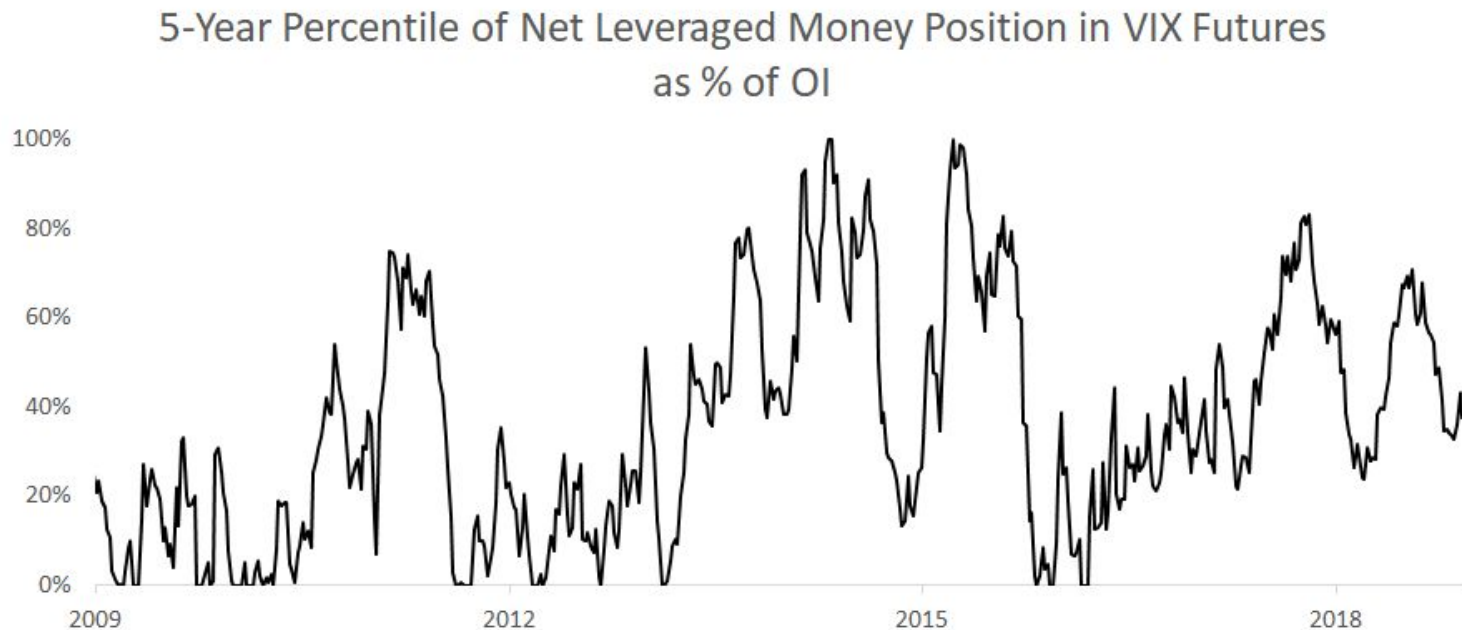
Use a percentile or z-score to normalize net positioning across contracts

I use a 5-year percentile

100% = highest trader category positioning over the past five years

0% = lowest trader category positioning over the past five years

Data prep: normalize net positioning



Pitfalls in CoT: reading too much into positioning

Most of the time it isn't useful, because most of the time positioning isn't historically extreme

Pitfalls in CoT: fading extreme spec positioning

When it is extreme, the default trader reaction is to fade extreme spec positioning

Put yourself in the mind of a spec on the right side of the trade. Is price action agreeing or disagreeing with them?

If there is a big spec long and price is steadily going their way, they don't have a huge incentive to close the winning position

CoT is more useful when it identifies a crowded trade and price is hurting the majority. Catalyst for liquidation

Pitfalls in CoT: market relevance

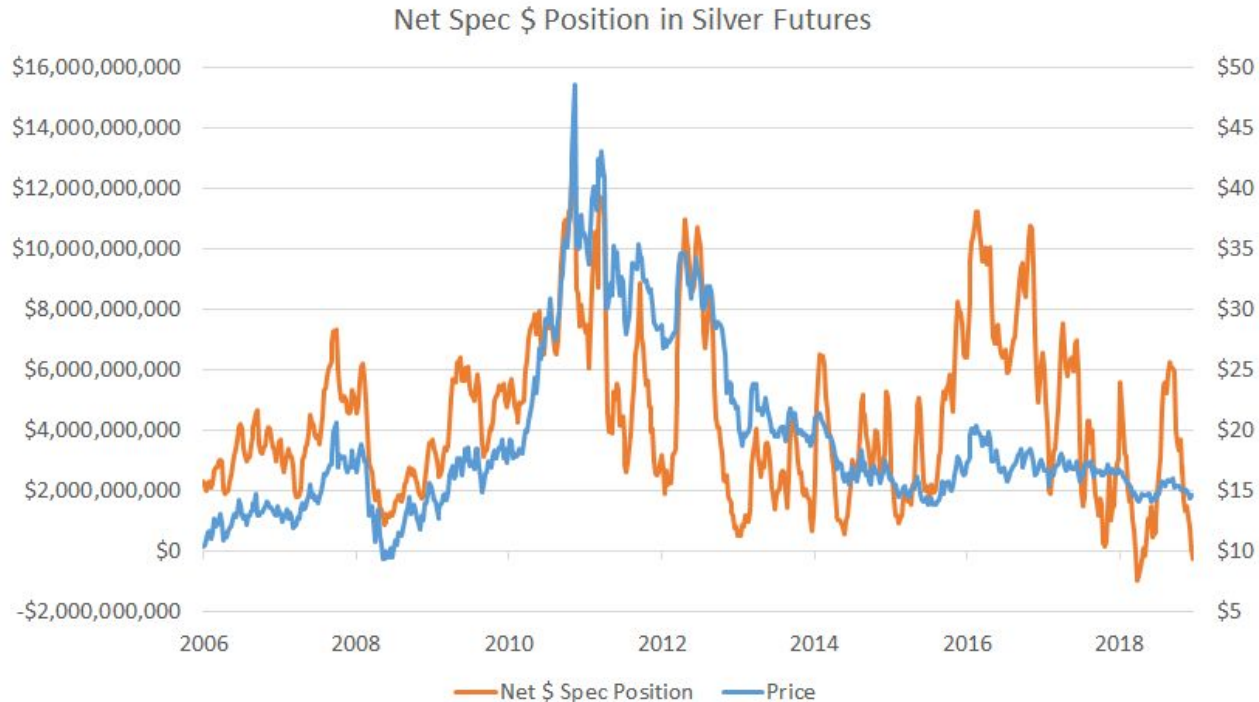
Futures aren't the primary market for stocks, bonds, and FX. So CoT is only showing a small slice of overall positioning

More of a direct read for commodities

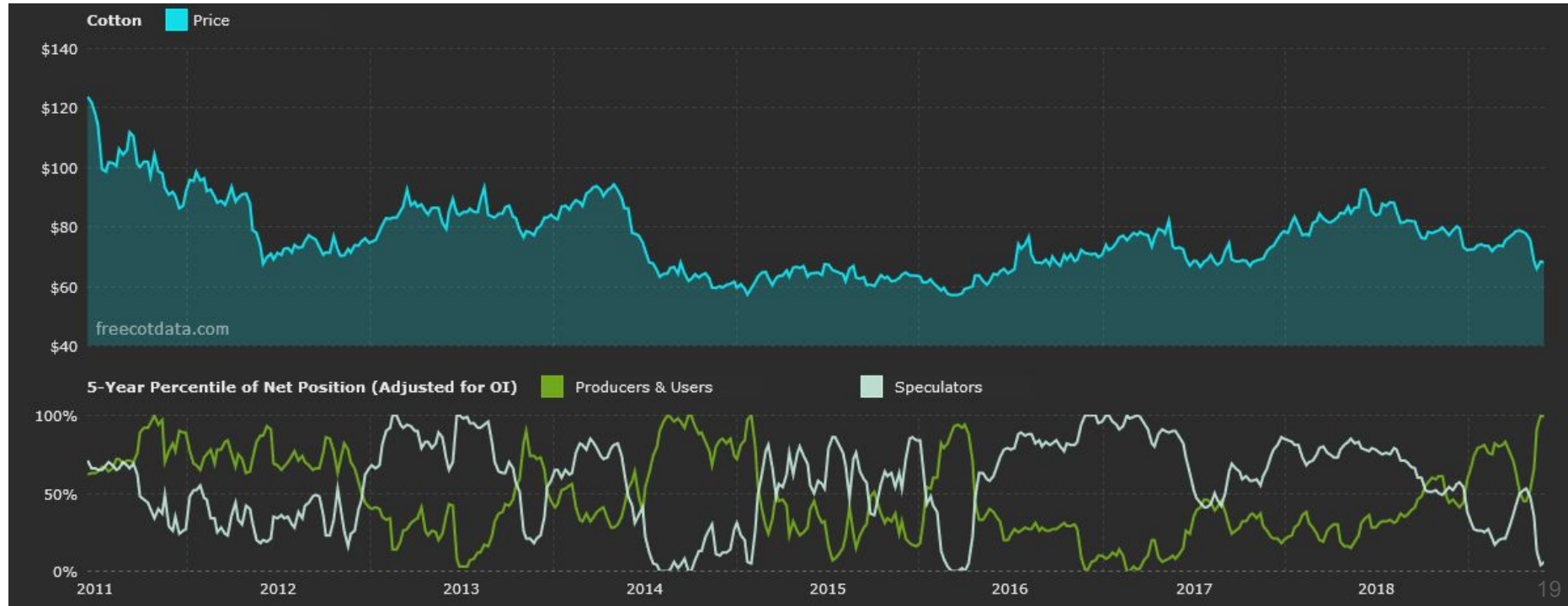
Current CoT highlights: Silver



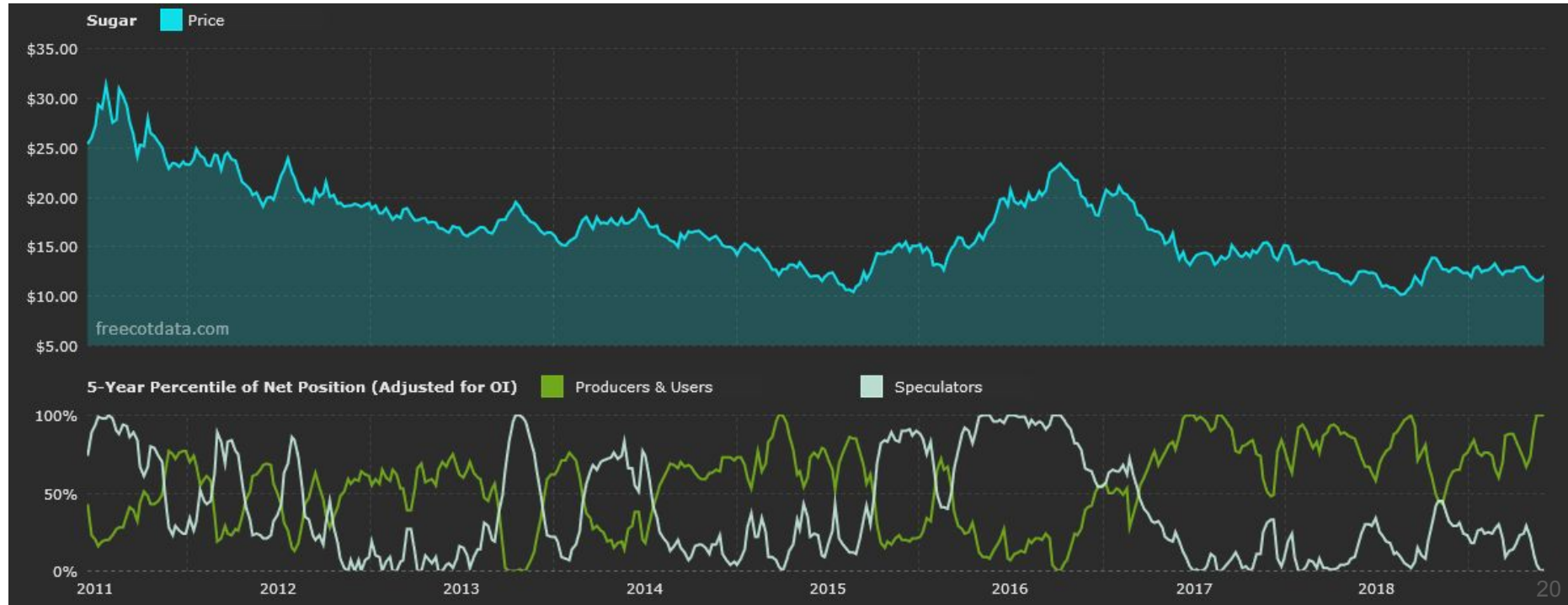
Current CoT highlights: Silver



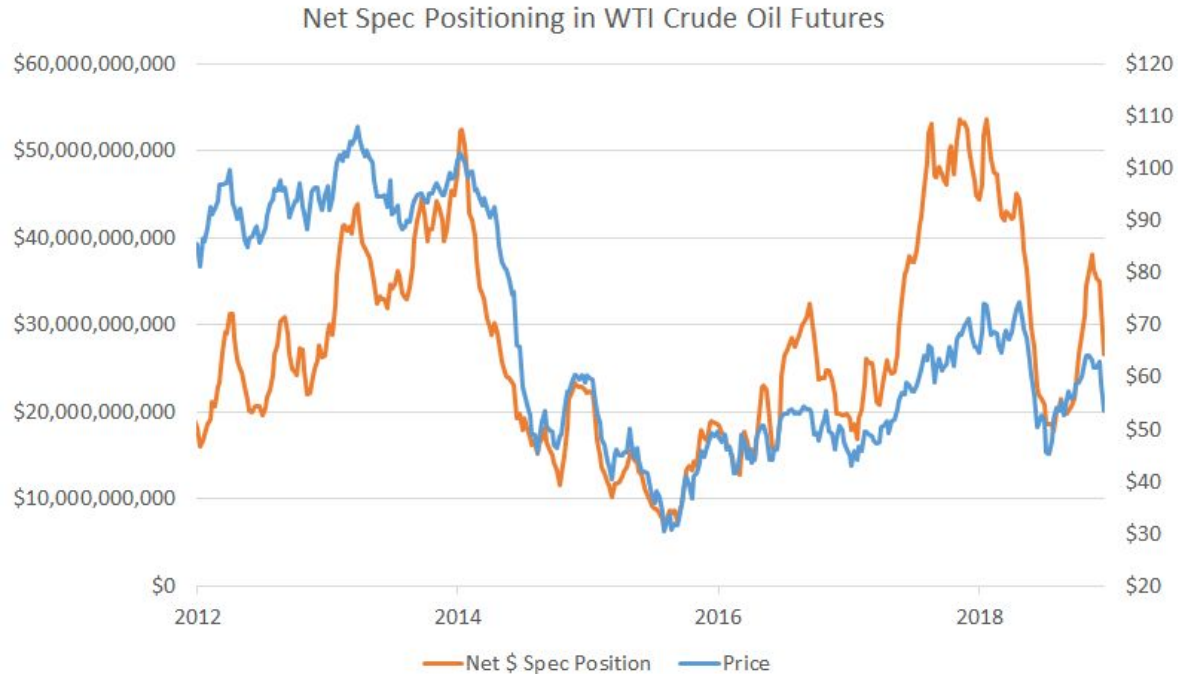
Current CoT highlights: Cotton



Current CoT highlights: Sugar



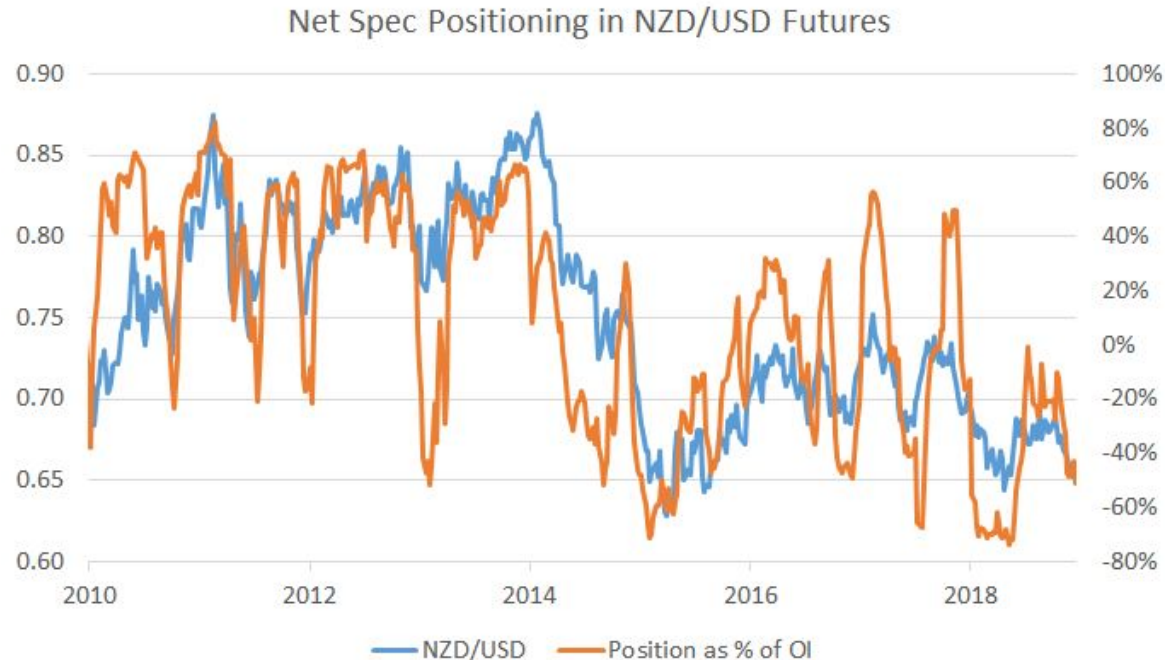
Current CoT highlights: WTI Crude Oil



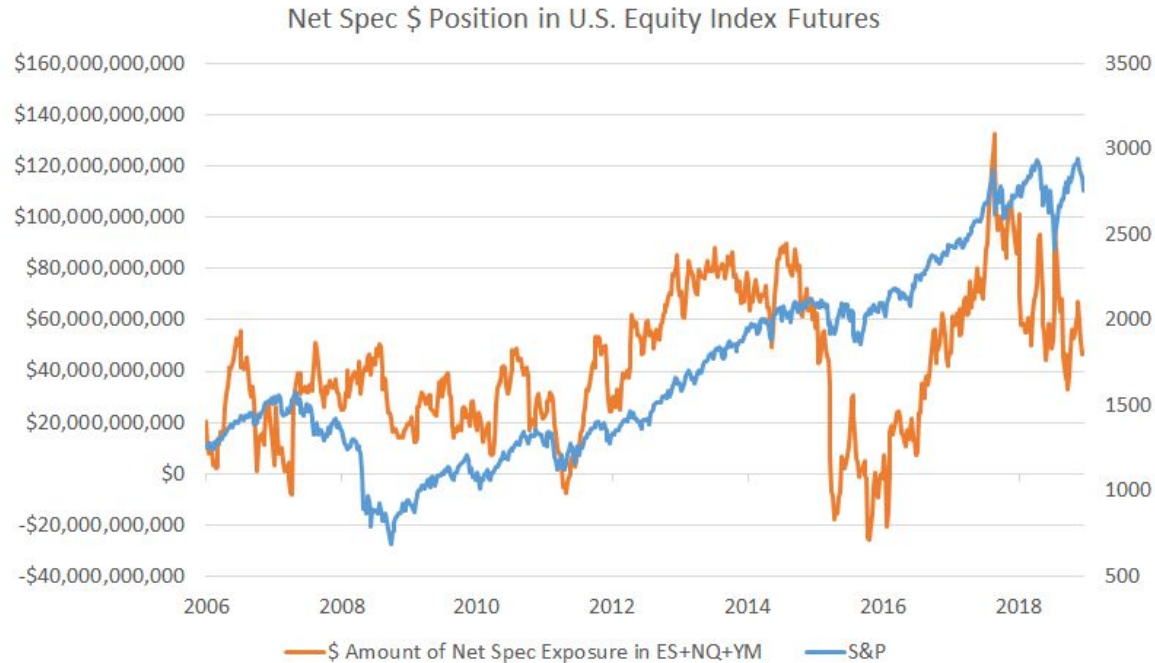
Current CoT highlights: CHF



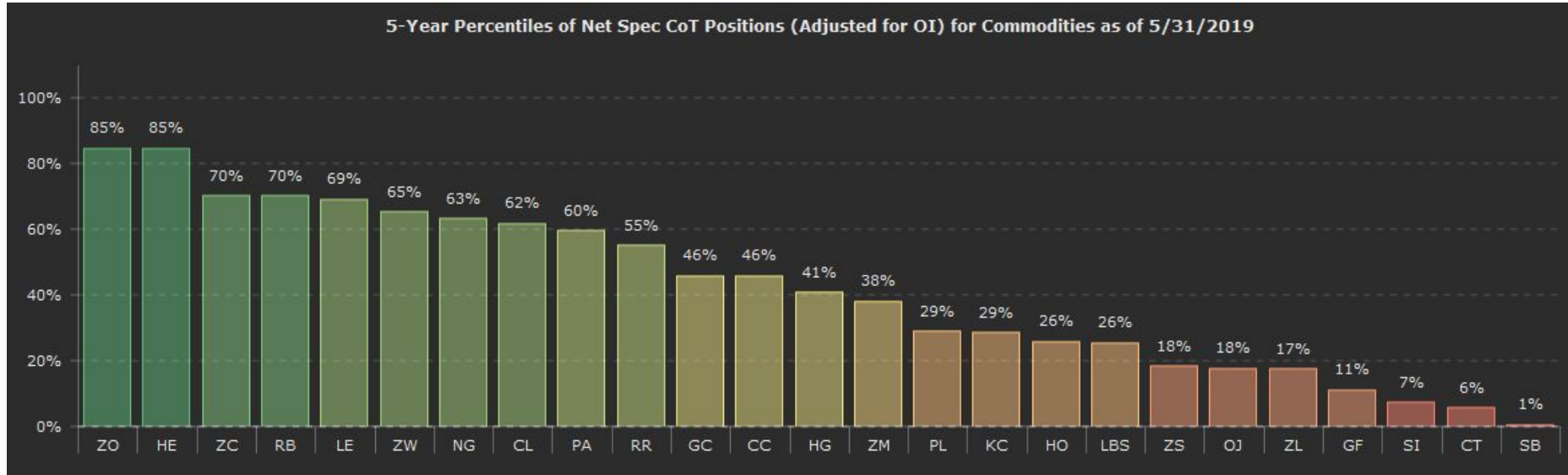
Current CoT highlights: NZD



Current CoT highlights: U.S. equity futures



Current CoT highlights: speculators in commodities



CoT summary

Disaggregated futures and options is the most detailed report type

Current positioning needs to be scaled by OI and normalized across contracts

CoT is more relevant for commodities

Extreme spec positioning isn't an immediate fade - is price helping or hurting?

Current extreme positioning: specs short silver, sugar, cotton, CHF, and NZD