

COMMITMENT OF TRADERS
REPORT

The COT Report

The Commodity Futures Trading Commission, or CFTC, publishes the Commitment of Traders report (COT) every Friday, around 2:30 pm EST.

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.

The COT reports are based on position data supplied by reporting firms (FCMs, clearing members, foreign brokers and exchanges). While the position data is supplied by reporting firms, the actual trader category or classification is based on the predominant business purpose self-reported by traders on the CFTC Form 40 and is subject to review by CFTC staff for reasonableness. CFTC staff does not know specific reasons for traders' positions and hence this information does not factor in determining trader classifications. In practice this means, for example, that the position data for a trader classified in the "producer/merchant/processor/user" category for a particular commodity will include all of its positions in that commodity, regardless of whether the position is for hedging or speculation. Note that traders are able to report business purpose by commodity and, therefore, can have different classifications in the COT reports for different commodities. For one of the reports, Traders in Financial Futures, traders are classified in the same category for all commodities.

Because the COT measures the net long and short positions taken by speculative traders and commercial traders, it is a great resource to gauge how heavily these market players are positioned in the market.

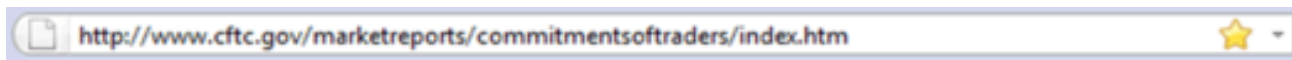
Remember, since spot forex is traded over-the-counter (OTC), transactions do not pass through a centralized exchange.

The Commitment of Traders report from the futures market can be of great help.

How to Find the COT Report

Here's how to find the Commitment of Traders report online.

Step 1: Open up the address below in your web browser.
(<https://www.cftc.gov/MarketReports/CommitmentsofTraders/index.htm>)



Step 2: Once the page has loaded, scroll down a couple of pages to the “Current Legacy Report” and click on “Short Format” under “Futures Only” on the “Chicago Mercantile Exchange” row to access the most recent COT report.

	Futures Only		Futures-and-Options-Combined	
Chicago Board of Trade	Long Format	Short Format	Long Format	Short Format
Chicago Mercantile Exchange	Long Format	Short Format	Long Format	Short Format
Chicago Board Options Exchange	Long Format	Short Format	Long Format	Short Format
Chicago Climate Futures Exchange	Long Format	Short Format	Long Format	Short Format
Kansas City Board of Trade	Long Format	Short Format	Long Format	Short Format
Minneapolis Grain Exchange	Long Format	Short Format	Long Format	Short Format
Commodity Exchange Incorporated	Long Format	Short Format	Long Format	Short Format
ICE Futures U.S.	Long Format	Short Format	Long Format	Short Format
ICE Futures Europe	Long Format	Short Format	Long Format	Short Format
ICE – Futures Energy	Long Format	Short Format	Long Format	Short Format
New York Mercantile Exchange	Long Format	Short Format	Long Format	Short Format
NYSE Liffe	Long Format	Short Format	Long Format	Short Format
New York Portfolio Clearing	Long Format	Short Format	Long Format	Short Format
NODAL Exchange	Long Format	Short Format	Long Format	Short Format
Dubai Mercantile Exchange	Long Format	Short Format	Long Format	Short Format
NASDAQ Futures	Long Format	Short Format	Long Format	Short Format
Eris Futures Exchange	Long Format	Short Format	Long Format	Short Format
Supplemental Commodity Index			CIT Report	

Step 3: It may seem a little confusing at first but you can find exactly what you’re looking for. Just press CTRL+F (or whatever the find function is of your browser) and type in the currency you want to find.

To find the British Pound Sterling, or GBP, for example, just search up “Pound Sterling” and you’ll be taken directly to a section that looks something like this:

BRITISH POUND STERLING - CHICAGO MERCANTILE EXCHANGE								Code-096742	
FUTURES ONLY POSITIONS AS OF 02/11/20									
NON-COMMERCIAL			COMMERCIAL		TOTAL			NONREPORTABLE POSITIONS	
LONG	SHORT	SPREADS	LONG	SHORT	LONG	SHORT	LONG	SHORT	
(CONTRACTS OF GBP 62,500)						OPEN INTEREST:		212,228	
COMMITMENTS									
65,006	43,922	8,577	107,906	133,105	181,489	185,604	30,739	26,624	
CHANGES FROM 02/04/20 (CHANGE IN OPEN INTEREST:						4,063)			
5,347	-2,750	375	-2,292	5,901	3,430	3,526	633	537	
PERCENT OF OPEN INTEREST FOR EACH CATEGORY OF TRADERS									
30.6	20.7	4.0	50.8	62.7	85.5	87.5	14.5	12.5	
NUMBER OF TRADERS IN EACH CATEGORY (TOTAL TRADERS:						124)			
27	26	16	43	44	78	78			

- *Commercial*: These are the big businesses that use currency futures to hedge and protect themselves from too much exchange rate fluctuation.
- *Non-Commercial*: This is a mixture of individual traders, hedge funds, and financial institutions. For the most part, these are traders who looking to trade for speculative gains. In other words, these are traders just like you who are in it for the Benjamins!
- *Long*: That’s the number of long contracts reported to the CFTC.
- *Short*: That’s the number of short contracts reported to the CFTC.
- *Open interest*: This column represents the number of contracts out there that have not been exercised or delivered.
- *Number of traders*: This is the total number of traders who are required to report positions to the CFTC.
- *Reportable positions*: The number of options and futures positions that are required to be reported according to CFTC regulations.
- *Non-reportable positions*: The number of open interest positions that do not meet the reportable requirements of the CFTC like retail traders.

You can see a lot of things in the COT report but you don't have to memorize all of it.

Understanding the COT Report

The Commitment of Traders (COT) report traces its history back to 1924 when the U.S. Department of Agriculture's Grain Futures Administration issued an annual report outlining hedging and speculation activities in the futures market. In 1962, the report began being published monthly. In the 1990s, the report moved to bi-weekly and then weekly in 2000.

The Commitment of Traders report has continued to evolve and actually contains the legacy COT which traders are most familiar with as well as a disaggregated COT. The legacy COT breaks down the open-interest positions of all major contracts that have more than 20 traders. The legacy COT simply shows the market for a commodity broken into long, short and spread positions for non-commercial traders, commercial traders and non-reportable positions (retail traders). The total open interest is given as well as changes in open interest. The COT provides an overview of what the key market participants think and helps determine the likelihood of a trend continuing or coming to an end. If commercial and non-commercial long positions are both growing, for example, that is a bullish signal for the price of the underlying commodity.

The disaggregated COT report provides a deeper breakdown of the market participants, splitting commercial traders into producers/merchants/processors/users and swap dealers. The non-commercial participants are split between managed money and other reportables. This is meant to provide a clearer picture of what the people with skin in the game – the users of the actuals – think about the market versus the people with profit motivations (speculators). The disaggregated COT report is, in part, a response to some of the criticism of the legacy COT.