

Crowded Market Analysis

ANALYSIS OF THE COMMITMENTS OF TRADERS DISCLOSED
BY THE CFTC ON 2024-10-11

FRANCOIS CHEVALIER

Master's degree student at EDHEC in Financial Engineering
Centrale Lille || Mathematics University of Nice Sophia Antipolis

Introduction and explanatory notes

The Commitments of Traders reports are released every Friday at 3:30 New York time zone by the Commodity Futures Trading Commission. These reports contain traders' positions in U.S. futures and options contracts as of the Tuesday of the same week they are released. This document aims to report CFTC positioning data and to analyze it in order to build systematic trading strategies. This document focuses on the *Legacy* CFTC positioning report that categorizes traders into three groups:

- **Commercials** (aka *Hedgers*) : use futures contracts for hedging the futures underlying. For commodity markets, the commercial participants are for example mining firms that have access to the cash market and therefore have additional information on supply and demand. This category also includes sell side entities from financial organizations.
- **Non-Commercials** (aka *Large Speculators*) : use futures markets for money management. This category includes CTAs, Hedge Funds, and major players in the buy-side industry.
- **Non-Reportable** (aka *Small Speculators*) : are typically retail investors that use futures markets for personal investing.

Analyzing the absolute levels of investors' positioning is not particularly relevant, as participants in futures markets engage for various reasons. For instance, in the case of physically settled oil futures, commercial entities like oil producers tend to maintain a net short position most of the time, as they aim to secure prices for selling their assets.

Therefore, interpreting market sentiment based on the positioning of futures market participants requires a comparison of current positions against historical ranges. The indicator used in this report is the COT index, a positioning metric defined as follows:

$$COT\ Index = 100 * \frac{Net_{Last} - \text{Min}(Net_{Lookback\ Period})}{\text{Max}(Net_{Lookback\ Period}) - \text{Min}(Net_{Lookback\ Period})} \in [0; 100]$$

Where parameters are:

- $Net = \text{Long Positions} - \text{Short Positions}$
- $Lookback\ Period = 2\ \text{years}$

The COT Index of non-commercials getting closer to 100 means traders are building much more long positions than usual whereas 0 levels mean short positions are stronger than usual.

Interpreting COT Index week-on-week change:



The COT Index **decreases** when there are:

- Long liquidations + short building
- Short building > long building
- Long liquidations > short covering

The COT Index **increases** when there are:

- Long building + short covering
- Long building > short building
- Short covering > long liquidations

COT Index heatmap

	COT Large Spec			COT Commercials			COT Small Spec			COT Large Spec			COT Commercials			COT Small Spec			COT Large Spec			COT Commercials			COT Small Spec			COT Large Spec		
Contract	29/10/2024			22/10/2024			15/10/2024			08/10/2024			01/10/2024																	
S&P 500	87	15	83	78	21	88	61	36	83	74	28	78	76	23	88															
NASDAQ-100	64	23	75	64	20	80	69	16	81	79	11	78	79	8	83															
DOW JONES	88	11	78	85	11	92	84	15	77	74	25	74	72	28	67															
RUSSELL 2000	99	2	87	100	0	93	86	12	86	88	10	82	84	14	85															
S&P 400 MID CAP	20	47	87	20	48	82	19	52	77	24	52	68	20	50	79															
S&P 500 ANNUAL DIVIDEND	90	10	81	100	0	85	100	0	90	84	15	84	85	15	81															
S&P CONSUMER STAPLES INDEX	65	15	87	65	14	89	65	13	91	67	52	22	65	20	78															
S&P ENERGY INDEX	1	97	21	0	100	15	3	88	33	8	79	48	22	67	44															
S&P FINANCIAL INDEX	32	44	84	32	44	84	27	47	85	100	5	72	98	0	88															
S&P UTILITIES INDEX	71	15	92	70	14	94	88	3	95	87	5	94	78	30	71															
DOW JONES U.S. REAL ESTATE	57	56	36	68	51	33	65	31	85	86	35	69	89	35	67															
NIKKEI STOCK AVERAGE YEN DENOM	42	81	41	45	84	36	50	76	36	53	17	80	58	21	70															
MSCI EAFE	51	53	49	41	59	61	34	67	50	50	53	51	55	48	57															
MSCI EM INDEX	29	66	76	14	82	64	70	28	79	74	26	69	78	22	75															
VIX	86	11	79	100	0	70	100	0	49	99	1	55	86	7	87															
FED FUNDS	100	0	58	100	0	50	100	0	43	55	47	38	47	52	57															
SOFR-1M	15	85	77	29	72	77	19	82	36	30	70	73	39	61	77															
SOFR-3M	91	8	97	96	4	93	95	5	98	99	1	92	93	7	87															
2-YEAR NOTES	25	63	97	37	50	95	38	50	86	40	49	84	41	47	89															
5-YEAR NOTES	14	83	91	14	81	98	11	89	88	1	100	95	1	99	98															
10-YEAR NOTES	0	100	98	8	94	86	0	100	97	2	100	86	4	92	99															
ULTRA 10-YEAR NOTES	82	18	56	96	0	64	86	2	62	82	0	76	72	6	77															
30-YEAR BONDS	50	25	90	31	42	94	46	28	94	62	15	87	73	0	100															
ULTRA 30-YEAR BONDS	89	15	34	88	13	45	84	8	70	91	8	48	100	0	44															
USD INDEX	6	100	7	8	100	5	10	100	5	58	54	0	56	54	0															
EURO FX	33	62	57	41	54	64	41	53	72	53	44	67	63	36	65															
BRITISH POUND	75	18	99	72	21	99	62	31	97	75	19	98	84	14	89															
JAPANESE YEN	96	4	85	100	0	89	100	0	100	100	0	100	100	0	100															
SWISS FRANC	55	35	82	62	34	67	66	28	74	58	34	79	57	38	70															
CANADIAN DOLLAR	62	37	68	64	37	54	59	40	52	59	40	42	58	39	57															
AUSTRALIAN DOLLAR	100	0	100	81	16	98	57	41	76	79	21	85	84	14	94															
NEW ZEALAND DOLLAR	45	46	97	38	54	84	37	55	81	35	55	100	40	52	92															
MEXICAN PESO	42	61	8	35	69	7	33	71	9	43	62	0	44	60	0															
BRAZILIAN REAL	16	84	28	17	84	24	21	79	21	23	78	20	4	84	100															
SOUTH AFRICAN RAND	100	0	100	99	0	100	100	0	88	100	0	89	99	0	96															
BITCOIN	15	100	11	18	93	31	30	80	24	44	67	23	54	56	21															
ETHEREUM	30	78	26	22	86	32	30	78	28	36	75	14	59	48	12															
BBG COMMODITY INDEX	53	47	64	54	46	63	69	31	62	69	31	63	67	32	63															
CRUDE OIL	10	95	14	10	95	16	3	99	29	1	100	37	18	82	47															
BRENT CRUDE OIL	83	16	41	54	46	48	67	31	55	72	32	16	77	27	13															
GASOLINE RBOB	29	78	12	26	78	20	7	99	1	6	100	1	11	96	0															
HEATING OIL	2	96	14	0	98	11	0	100	2	0	100	9	17	92	16															
NATURAL GAS	55	54	11	69	42	0	70	36	9	72	35	7	62	44	14															
GOLD	94	4	82	100	0	69	100	0	72	95	6	69	97	4	69															
PLATINUM	93	2	50	82	15	43	75	23	42	45	48	63	22	65	100															
PALLADIUM	45	54	49	54	48	35	52	52	18	22	82	27	17	86	31															
SILVER	92	7	79	100	4	66	96	9	63	78	25	55	80	23	60															
COPPER	73	27	62	64	36	57	52	48	54	45	55	52	45	54	54															
ALUMINUM	2	98	60	0	100	62	0	100	60	0	100	48	0	100	51															
STEEL	59	41	67	46	55	49	44	56	53	48	54	36	54	49	24															
COCOA	50	48	83	47	51	88	44	53	84	43	55	86	43	55	91															
COFFEE	92	6	100	93	5	100	94	5	95	88	12	82	88	12	83															
COTTON	24	74	40	20	79	34	13	85	32	0	100	0	3	97	13															
ORANGE JUICE	30	59	61	36	53	65	33	49	86	34	47	88	30	53	80															
SUGAR	47	51	59	42	56	55	27	74	30	24	78	23	27	74	29															
LUMBER	36	66	6	29	72	15	20	82	0	21	81	6	24	77	21															
WHEAT-SRW	89	10	20	83	16	24	81	19	18	79	23	7	68	33	21															
WHEAT-HRW	57	46	42	50	48	87	54	46	61	53	49	48	39	62	55															
CORN	43	60	41	33	68	57	33	69	57	36	67	48	29	72	65															
SOYBEANS	32	71	42	27	75	55	16	86	58	14	89	50	9	94	54															
SOYBEAN MEAL	70	25	100	53	43	81	45	53	51	43	55	53	39	58	70															
SOYBEAN OIL	70	34	44	52	50	40	37	65	31	39	63	26	37	65	26															
CANOLA	20	81	36	11	89	23	6	94	27	7	93	32	13	87	39															
ROUGH RICE	44	61	26	44	62	21	29	76	18	29	80	0	22	84	2															
OATS	56	55	34	56	55	34	56	55	34	56	55	34	24	84	33															
LEAN HOGS	60	41	47	48	53	54	35	67	54	31	74	44	31	74	47															
FEEDER CATTLE	34	74	48	8	94	76	14	89	70	1	97	86	5	93	81															
LIVE CATTLE	34	78	1	11	97	26	8	100	26	14	100	20	15	98	26															