

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 Large Spec | | | COT Large Spec | | | COT Large Spec | | | COT Large Spec | | | COT Large Spec | | | COT Large Spec | | |
|--------------------------------|----------------|-----|-----|----------------|-----|-----|----------------|-----|-----|----------------|-----|-----|----------------|-----|-----|----------------|--|--|----------------|--|--|
| | COT Large Spec | | | COT Large Spec | | | COT Large Spec | | | COT Large Spec | | | COT Large Spec | | | COT Large Spec | | | COT Large Spec | | |
| Contract | 08/10/2024 | | | 01/10/2024 | | | 24/09/2024 | | | 17/09/2024 | | | 10/09/2024 | | | | | | | | |
| S&P 500 | 74 | 28 | 78 | 76 | 23 | 88 | 69 | 26 | 95 | 69 | 30 | 85 | 81 | 23 | 76 | | | | | | |
| NASDAQ-100 | 79 | 11 | 78 | 79 | 8 | 83 | 72 | 13 | 83 | 57 | 28 | 75 | 52 | 29 | 79 | | | | | | |
| DOW JONES | 74 | 25 | 74 | 72 | 28 | 67 | 74 | 23 | 82 | 71 | 27 | 73 | 62 | 33 | 85 | | | | | | |
| RUSSELL 2000 | 88 | 10 | 82 | 84 | 14 | 85 | 72 | 23 | 98 | 65 | 31 | 88 | 75 | 24 | 70 | | | | | | |
| S&P 400 MID CAP | 24 | 52 | 68 | 20 | 50 | 79 | 17 | 53 | 79 | 19 | 59 | 61 | 28 | 50 | 66 | | | | | | |
| S&P 500 ANNUAL DIVIDEND | 84 | 15 | 84 | 85 | 15 | 81 | 83 | 17 | 78 | 81 | 19 | 78 | 81 | 20 | 67 | | | | | | |
| S&P CONSUMER STAPLES INDEX | 67 | 52 | 22 | 65 | 20 | 78 | 70 | 4 | 100 | 72 | 24 | 67 | 73 | 23 | 67 | | | | | | |
| S&P ENERGY INDEX | 8 | 79 | 48 | 22 | 67 | 44 | 28 | 49 | 78 | 21 | 72 | 34 | 22 | 71 | 33 | | | | | | |
| S&P FINANCIAL INDEX | 100 | 5 | 72 | 98 | 0 | 88 | 100 | 9 | 61 | 100 | 0 | 81 | 98 | 3 | 84 | | | | | | |
| S&P UTILITIES INDEX | 87 | 5 | 94 | 78 | 30 | 71 | 74 | 21 | 83 | 66 | 42 | 65 | 64 | 28 | 82 | | | | | | |
| DOW JONES U.S. REAL ESTATE | 86 | 35 | 69 | 89 | 35 | 67 | 90 | 37 | 65 | 85 | 37 | 68 | 83 | 37 | 67 | | | | | | |
| NIKKEI STOCK AVERAGE YEN DENOM | 53 | 17 | 80 | 58 | 21 | 70 | 57 | 16 | 77 | 53 | 20 | 77 | 41 | 22 | 84 | | | | | | |
| MSCI EAFE | 50 | 53 | 51 | 55 | 48 | 57 | 44 | 58 | 54 | 37 | 65 | 47 | 38 | 65 | 46 | | | | | | |
| MSCI EM INDEX | 74 | 26 | 69 | 78 | 22 | 75 | 72 | 26 | 77 | 74 | 25 | 71 | 78 | 22 | 71 | | | | | | |
| VIX | 99 | 1 | | 86 | 7 | 87 | 82 | 13 | 85 | 89 | 3 | 100 | 93 | 0 | 100 | | | | | | |
| FED FUNDS | 55 | 47 | 38 | 47 | 52 | 57 | 25 | 73 | 67 | 37 | 61 | 68 | 47 | 51 | 66 | | | | | | |
| SOFR-1M | 30 | 70 | 73 | 39 | 61 | 77 | 55 | 45 | 75 | 66 | 34 | 51 | 71 | 30 | 50 | | | | | | |
| SOFR-3M | 99 | 1 | 92 | 93 | 7 | 87 | 89 | 11 | 87 | 80 | 20 | 87 | 83 | 16 | 89 | | | | | | |
| 2-YEAR NOTES | 40 | 49 | 84 | 41 | 47 | 89 | 36 | 53 | 93 | 26 | 65 | 97 | 28 | 61 | 100 | | | | | | |
| 5-YEAR NOTES | 1 | 100 | 95 | 1 | 99 | 98 | 6 | 97 | 88 | 0 | 100 | 100 | 0 | 100 | 99 | | | | | | |
| 10-YEAR NOTES | 2 | 100 | 86 | 4 | 92 | 99 | 15 | 77 | 100 | 0 | 100 | 98 | 4 | 80 | 100 | | | | | | |
| ULTRA 10-YEAR NOTES | 82 | 0 | 76 | 72 | 6 | 77 | 63 | 13 | 85 | 53 | 27 | 80 | 47 | 30 | 88 | | | | | | |
| 30-YEAR BONDS | 62 | 15 | 87 | 73 | 0 | 100 | 80 | 0 | 97 | 73 | 6 | 95 | 75 | 2 | 100 | | | | | | |
| ULTRA 30-YEAR BONDS | 91 | 8 | 48 | 100 | 0 | 44 | 100 | 0 | 28 | 79 | 22 | 39 | 65 | 34 | 49 | | | | | | |
| USD INDEX | 58 | 54 | 0 | 56 | 54 | 0 | 55 | 55 | 1 | 49 | 60 | 3 | 50 | 60 | 0 | | | | | | |
| EURO FX | 53 | 44 | 67 | 63 | 36 | 65 | 60 | 38 | 67 | 44 | 56 | 46 | 32 | 69 | 32 | | | | | | |
| BRITISH POUND | 75 | 19 | 98 | 84 | 14 | 89 | 75 | 20 | 94 | 64 | 31 | 88 | 55 | 40 | 84 | | | | | | |
| JAPANESE YEN | 100 | 0 | 100 | 100 | 0 | 100 | 100 | 0 | 100 | 100 | 0 | 97 | 100 | 0 | 80 | | | | | | |
| SWISS FRANC | 58 | 34 | 79 | 57 | 38 | 70 | 51 | 44 | 64 | 49 | 49 | 57 | 57 | 42 | 56 | | | | | | |
| CANADIAN DOLLAR | 59 | 40 | 42 | 58 | 39 | 57 | 39 | 58 | 48 | 14 | 84 | 26 | 7 | 90 | 30 | | | | | | |
| AUSTRALIAN DOLLAR | 79 | 21 | 85 | 84 | 14 | 94 | 74 | 24 | 86 | 58 | 46 | 54 | 55 | 53 | 36 | | | | | | |
| NEW ZEALAND DOLLAR | 35 | 55 | 100 | 40 | 52 | 92 | 25 | 70 | 68 | 14 | 81 | 55 | 11 | 86 | 42 | | | | | | |
| MEXICAN PESO | 43 | 62 | 0 | 44 | 60 | 0 | 44 | 59 | 0 | 46 | 57 | 1 | 54 | 49 | 0 | | | | | | |
| BRAZILIAN REAL | 23 | 78 | 20 | 4 | 84 | 100 | 2 | 99 | 36 | 4 | 97 | 32 | 1 | 100 | 31 | | | | | | |
| SOUTH AFRICAN RAND | 100 | 0 | 89 | 99 | 0 | 96 | 94 | 2 | 100 | 92 | 5 | 100 | 95 | 3 | 100 | | | | | | |
| BITCOIN | 44 | 67 | 23 | 54 | 56 | 21 | 48 | 61 | 26 | 46 | 65 | 20 | 60 | 48 | 25 | | | | | | |
| ETHEREUM | 36 | 75 | 14 | 59 | 48 | 12 | 61 | 42 | 19 | 49 | 52 | 31 | 51 | 46 | 42 | | | | | | |
| BBG COMMODITY INDEX | 69 | 31 | 63 | 67 | 32 | 63 | 67 | 33 | 64 | 67 | 33 | 65 | 67 | 33 | 65 | | | | | | |
| CRUDE OIL | 1 | 100 | 37 | 18 | 82 | 47 | 42 | 61 | 37 | 40 | 59 | 58 | 44 | 57 | 48 | | | | | | |
| BRENT CRUDE OIL | 72 | 32 | 16 | 77 | 27 | 13 | 68 | 37 | 13 | 80 | 24 | 10 | 82 | 23 | 0 | | | | | | |
| GASOLINE RBOB | 6 | 100 | 1 | 11 | 96 | 0 | 15 | 90 | 10 | 10 | 96 | 0 | 5 | 97 | 1 | | | | | | |
| HEATING OIL | 0 | 100 | 9 | 17 | 92 | 16 | 24 | 92 | 9 | 18 | 100 | 0 | 19 | 90 | 4 | | | | | | |
| NATURAL GAS | 72 | 35 | 7 | 62 | 44 | 14 | 68 | 38 | 10 | 77 | 28 | 12 | 77 | 25 | 23 | | | | | | |
| GOLD | 95 | 6 | 69 | 97 | 4 | 69 | 100 | 0 | 84 | 100 | 0 | 73 | 92 | 7 | 73 | | | | | | |
| PLATINUM | 45 | 48 | 63 | 22 | 65 | 100 | 60 | 33 | 72 | 58 | 35 | 73 | 50 | 42 | 77 | | | | | | |
| PALLADIUM | 22 | 82 | 27 | 17 | 86 | 31 | 15 | 88 | 27 | 12 | 88 | 48 | 13 | 86 | 58 | | | | | | |
| SILVER | 78 | 25 | 55 | 80 | 23 | 60 | 88 | 14 | 67 | 84 | 15 | 77 | 79 | 20 | 75 | | | | | | |
| COPPER | 45 | 55 | 52 | 45 | 54 | 54 | 49 | 48 | 71 | 52 | 46 | 65 | 48 | 49 | 70 | | | | | | |
| ALUMINUM | 0 | 100 | 48 | 0 | 100 | 51 | 0 | 100 | 62 | 0 | 100 | 56 | 0 | 100 | 62 | | | | | | |
| STEEL | 48 | 54 | 36 | 54 | 49 | 24 | 43 | 60 | 31 | 40 | 62 | 32 | 33 | 70 | 29 | | | | | | |
| COCOA | 43 | 55 | 86 | 43 | 55 | 91 | 41 | 56 | 100 | 39 | 58 | 91 | 41 | 57 | 80 | | | | | | |
| COFFEE | 88 | 12 | 82 | 88 | 12 | 83 | 91 | 8 | 100 | 88 | 11 | 100 | 83 | 16 | 95 | | | | | | |
| COTTON | 0 | 100 | 0 | 3 | 97 | 13 | 4 | 96 | 15 | 0 | 99 | 17 | 0 | 99 | 16 | | | | | | |
| ORANGE JUICE | 34 | 47 | 88 | 30 | 53 | 80 | 32 | 53 | 76 | 26 | 59 | 75 | 20 | 57 | 95 | | | | | | |
| SUGAR | 24 | 78 | 23 | 27 | 74 | 29 | 18 | 81 | 28 | 8 | 93 | 12 | 14 | 87 | 19 | | | | | | |
| LUMBER | 21 | 81 | 6 | 24 | 77 | 21 | 25 | 76 | 18 | 32 | 69 | 29 | 26 | 72 | 56 | | | | | | |
| WHEAT-SRW | 79 | 23 | 7 | 68 | 33 | 21 | 63 | 35 | 35 | 70 | 30 | 21 | 57 | 43 | 27 | | | | | | |
| WHEAT-HRW | 53 | 49 | 48 | 39 | 62 | 55 | 33 | 69 | 52 | 29 | 75 | 32 | 34 | 69 | 43 | | | | | | |
| CORN | 36 | 67 | 48 | 29 | 72 | 65 | 19 | 81 | 72 | 17 | 85 | 65 | 18 | 82 | 76 | | | | | | |
| SOYBEANS | 14 | 89 | 50 | 9 | 94 | 54 | 3 | 98 | 74 | 5 | 97 | 64 | 8 | 93 | 72 | | | | | | |
| SOYBEAN MEAL | 43 | 55 | 53 | 39 | 58 | 70 | 34 | 63 | 64 | 33 | 64 | 64 | 31 | 67 | 50 | | | | | | |
| SOYBEAN OIL | 39 | 63 | 26 | 37 | 65 | 26 | 25 | 75 | 38 | 18 | 82 | 37 | 15 | 86 | 29 | | | | | | |
| CANOLA | 7 | 93 | 32 | 13 | 87 | 39 | 11 | 90 | 26 | 7 | 94 | 21 | 13 | 88 | 31 | | | | | | |
| ROUGH RICE | 29 | 80 | 0 | 22 | 84 | 2 | 24 | 78 | 18 | 29 | 73 | 25 | 33 | 69 | 25 | | | | | | |
| OATS | 56 | 55 | 34 | 24 | 84 | 33 | 12 | 98 | 24 | 0 | 98 | 52 | 0 | 100 | 34 | | | | | | |
| LEAN HOGS | 31 | 74 | 44 | 31 | 74 | 47 | 26 | 77 | 52 | 15 | 91 | 46 | 10 | 94 | 56 | | | | | | |
| FEEDER CATTLE | 8 | 94 | 76 | 14 | 89 | 70 | 1 | 97 | 86 | 5 | 93 | 81 | 10 | 92 | 73 | | | | | | |
| LIVE CATTLE | 11 | 97 | 26 | 8 | 100 | 26 | 14 | 100 | 20 | 15 | 98 | 26 | 25 | 86 | 27 | | | | | | |