

CoT (Commitment of Traders) Data

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The Commitment of Traders (CoT) report is a weekly publication that shows the aggregate holdings of different groups of traders in various futures markets.

Key Components



Commercial Traders:

Hedgers using futures to offset business risks

Non-Commercial Traders:

Large speculators, typically hedge funds and institutional investors

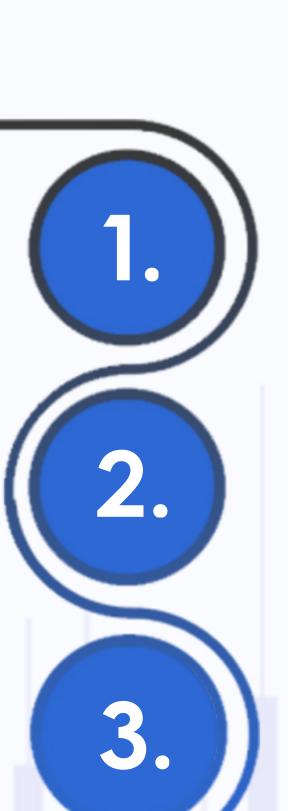
Non-Reportable Positions: Small speculators whose positions are below

reporting levels

Report Details

- 1. Published every Friday by the CFTC (Commodity Futures Trading Commission)
 - 2. Covers major futures markets: currencies, commodities, indexes
 - 3. Shows long and short positions for each trader category
 - 4. Data is as of the preceding Tuesday

Interpreting CoT Data



Often considered "smart money"

Commercial Positions:

- Tend to be counter-trend traders
- Large commercial short positions might
- indicate a potential market top

Often trend followers

Non-Commercial Positions:

- Large non-commercial long positions
- might indicate a crowded trade Non-Reportable Positions:

Can be used as a contrarian indicator

- Extreme positions often coincide with
- market turning points

1. Trend Confirmation:

Trading Strategies Using CoT Data



- Align trades with non-commercial positions for trend following
- 2. Contrarian Approach: Look for extreme positions as potential reversal signals



- 3. Divergence Trading:
- Identify divergences between price and CoT positioning



4. Seasonal Analysis:

Risk Management

Combine CoT data with known seasonal patterns in commodities

Use CoT data in conjunction with other technical and fundamental analysis



Be aware that CoT data is released with a delay and may not reflect current market conditions



Avoid over-relying on any single indicator, including CoT data

Limitations of CoT Data

- 1. Delayed reporting (3 days old when published)
- 2. Doesn't show individual trader positions
- 3. May not be as relevant for very short-term trading

3. Doesn't account for options positions

Tips for Using CoT Data

Focus on net positions and their changes over time Compare current positions to historical extremes

Consider the overall trend when interpreting CoT data

Use CoT data as a part of a broader market analysis strategy