



COT SENTIMENT ANALYSIS

Commitment of Traders (COT): Institutional Positioning Playbook

A practical framework for reading the CFTC's weekly Commitment of Traders report — separating commercial hedgers from non-commercial speculators, reading net positioning for long-term bias, and using the week-over-week change columns as a short-term directional filter for forex and futures trades.

The Commitment of Traders (COT) report is a free, weekly dataset published by the CFTC that shows exactly how the market's largest participants are positioned. This guide focuses on the Non-Commercial category — the hedge funds, banks, and large speculators whose capital is big enough to move price — and treats Commercial hedgers as background noise, since their positions reflect business needs rather than market conviction. Reading the report happens on two timeframes at once: comparing total long and short contracts reveals the long-term institutional bias, while the week-over-week change in those numbers reveals short-term shifts in that bias. For a forex pair, both legs — the base and the quote currency — need to be read and combined into a single relative-strength view. None of this replaces a chart: COT sets the macro direction to trade with, while price action at support and resistance still decides the entry.



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SECTION 01

Overview — What Is the COT Report?

The Commitment of Traders (COT) report is a weekly release from the CFTC (Commodity Futures Trading Commission), the U.S. government agency that regulates futures and options markets. Every Friday it publishes a breakdown of exactly how the market's largest participants — big banks, hedge funds, and multinational corporations — are positioned across long (buy) and short (sell) futures contracts. Because these participants move enough size to drive multi-week trends, their aggregate positioning is one of the closest things retail traders have to a direct read on “smart money” bias.

Unlike price action or an indicator, the COT report doesn't tell you what happens on the next candle. It tells you which side of the market the biggest players are leaning into this week, and how that lean has shifted from the week before. Used correctly, it becomes a macro filter that sits above your technical setups — not a signal to trade on its own.

The COT report doesn't predict the next candle — it tells you which side the biggest players in the market are leaning, and that lean is a filter for your bias, not a trigger for your entry.

SECTION 02

Where to Find It & Release Schedule

Official Source — CFTC.gov

1. Go to **cftc.gov**.
2. Open **Market Data & Economic Analysis** in the top navigation, then select **Commitments of Traders**.
3. Scroll to **Currency Legacy Reports** under the Chicago Mercantile Exchange column and open the **Short Format**.
4. Use **Ctrl+F** (Windows) or **Cmd+F** (Mac) and search for the contract code you're trading — e.g. **JPY** for the Japanese Yen or **GBP** for the British Pound.

Simplified Source — Barchart.com

For a cleaner, pre-formatted view that skips the raw text file entirely, go to **Futures** → **Legacy Report** → **Non-Commercial** on barchart.com. It surfaces the same CFTC data in an easy-to-read table.

Release schedule: *institutional traders submit their positions to the CFTC every Tuesday. The CFTC compiles and releases the public report every Friday, between 4:00 PM and 4:30 PM EST — so the data is always a few days old. Treat it as a lagging macro read, not a live feed.*



SECTION 03

Trader Classifications

Every COT report splits open interest into two broad camps. Only one of them carries directional signal.

Category	What They Are
Non-Commercial (focus area)	Institutional speculators — hedge funds, banks, and large individual traders — who trade futures for profit, just like retail traders, but with enough capital to move the market. This is the category to analyze.
Commercial	Corporations and producers hedging real, physical exposure rather than speculating on price. Example: a multinational like McDonald's or Microsoft buying Japanese Yen months ahead to lock in a rate for paying international staff.

Because commercials are hedging operational costs rather than betting on direction, their positioning reflects business needs, not market conviction. Non-commercial positioning is the number that carries directional signal.

SECTION 04

The Four Key Numbers to Read

Inside the Non-Commercial section of the report, four figures matter each week:

- **Long Positions** — the total number of active buy contracts institutions currently hold.
- **Short Positions** — the total number of active sell contracts institutions currently hold.
- **Change in Longs** — the net change in buy contracts versus the previous week's report.
- **Change in Shorts** — the net change in sell contracts versus the previous week's report.

The first two numbers describe where the market stands right now — its long-term bias. The two “change” numbers describe what shifted in the most recent week — the short-term signal layered on top of that bias.

SECTION 05

Reading the Long-Term Trend

To read the dominant institutional bias for a currency or commodity, compare the total **Long** contracts against total **Short** contracts held by non-commercial traders. Whichever side is significantly larger tells you which way the biggest players in the market are positioned — and, by extension, which direction has the weight of institutional capital behind it.

Instrument	Non-Commercial Net Positioning	Long-Term Read
Japanese Yen	130,000+ short contracts vs. only 30,000 long contracts.	Bearish
Gold	Roughly 149,000 net long contracts.	Bullish

Net positioning answers “which side is winning the tug-of-war overall?” It does not tell you whether that side is still pulling harder this week — that’s what the change columns are for.

SECTION 06

Reading the Short-Term / Weekly Direction

The **Change in Longs** and **Change in Shorts** columns capture what institutions actually did in the most recent week — and that activity is what moves price in the near term.

- **Adding longs or exiting shorts** pushes price upward — this shows up as pullbacks inside a downtrend, or fresh rallies inside an uptrend.
- **Adding shorts or exiting longs** pushes price downward, for the same reason in reverse.

Net positioning sets the macro direction; the weekly change columns show whether this week is adding to that direction or temporarily fighting it. A trade that aligns with both reads carries more institutional weight than one built on a single number.

If a currency sits in a long-term downtrend on net positioning, but institutions heavily exit short positions in a given week, expect a short-term bullish pullback against that larger trend — not a full reversal.

SECTION 07

Applying COT to Forex Pairs (Base vs. Quote)

The COT report is published per instrument (e.g. Japanese Yen futures, Euro futures), so it tells you the strength or weakness of one currency at a time. A forex pair is two currencies, so reading it properly means reading both legs.

Base and Quote Currency

In a pair like **GBP/JPY**, the first currency (GBP) is the **base** — it determines the direction the chart is quoted in. The second currency (JPY) is the **quote**. If the quote currency is fundamentally weak — heavily net-short on COT — that weakness pushes the pair itself upward, even if the base currency's own positioning is neutral.

Worked example — GBP/JPY: if COT shows the Yen (quote) heavily net-short while the Pound (base) is flat-to-long, the relative-strength read favors GBP/JPY continuing higher. Always evaluate both legs before concluding a pair's bias — a strong base paired with an equally strong quote can cancel out.

SECTION 08

Integrating COT with Technical Analysis

COT data is a filter, not an entry trigger. Do not open a trade on positioning numbers alone — combine the macro bias with price action and key support & resistance levels on the chart to find the actual entry.

Suggested Weekly Workflow

1. Pull the latest COT report for both legs of the pair (or the single instrument) after Friday's release.
2. Compare non-commercial Long vs. Short to set the long-term directional bias.
3. Check the Change in Longs / Change in Shorts columns to see whether that bias strengthened or is fading this week.
4. For a forex pair, repeat the read for both the base and quote currency, then combine them into a relative-strength view.
5. Drop to the price chart and wait for price action to confirm the bias at a key support or resistance zone before entering.



SECTION 09

Common Mistakes to Avoid

- **Trading the number, not the filter.** Entering directly off a COT print treats a macro-bias tool as an entry signal. It isn't one — it still needs a chart-based trigger.
- **Ignoring the lag.** Positions are submitted Tuesday and published Friday. By the time you read it, a fast-moving market may have already outrun the data.
- **Reading only one leg of a pair.** Judging GBP/JPY from Yen data alone misses what the Pound side is doing — always combine both legs.
- **Confusing hedging with conviction.** Commercial flow reflects business needs (payroll, input costs), not a market opinion — it carries no directional signal.
- **Overweighting one week's change.** A single week of short-covering inside a strong multi-month trend is a pullback signal, not proof the trend has reversed.

SECTION 10

Trade Checklist

Run through this list every time you use COT data to frame a trade idea.

- ☐ Report is current — released within the last week (Friday, 4:00–4:30 PM EST).
- ☐ Non-commercial Long vs. Short compared to establish the long-term bias.
- ☐ Change in Longs / Change in Shorts reviewed for this week's shift.
- ☐ For a pair, both base and quote currency COT data reviewed and combined.
- ☐ COT bias used only as a directional filter — not as the entry trigger.
- ☐ Entry located using price action at a key support/resistance zone on the chart.
- ☐ Stop and target set before entry, consistent with your account risk rules.



SECTION 11

Key Terms

Term	Definition
COT Report	The CFTC's weekly breakdown of how major market participants are positioned in long and short futures contracts.
CFTC	Commodity Futures Trading Commission — the U.S. government agency that regulates futures markets and publishes the COT report.
Non-Commercial Traders	Institutional speculators — hedge funds, banks, large traders — whose positioning is the primary directional signal in the report.
Commercial Traders	Corporations and producers hedging real business exposure rather than speculating on direction.
Net Positioning	The difference between a category's total long and short contracts; the long-term bias indicator.
Change in Longs / Shorts	The week-over-week shift in a category's positions; the short-term signal.
Base Currency	The first currency in a forex pair; determines the direction the pair's chart is quoted in.
Quote Currency	The second currency in a forex pair, priced in terms of the base.
Legacy Report (Short Format)	The CFTC report format that separates positioning into commercial and non-commercial categories.

This document is produced solely for educational and informational purposes. The COT reading framework described herein is based on publicly available CFTC data and third-party educational commentary (reference: youtu.be/RMSZ_xnLecE), and is presented as a learning framework only. It does not constitute financial advice, a recommendation to trade, or a guarantee of any specific outcome. Trading in financial markets involves substantial risk of loss. Always conduct your own due diligence and consult a qualified financial adviser before committing real capital.