What Is the COT Report? [Monitoring Hedge Fund and Market Maker Positions]

In **sentiment analysis** (market sentiment evaluation), the **COT (Commitments of Traders)** report is one tool that provides data on the trading positions of major traders in the options and **futures markets**.



The Commitments of Traders report presents traders' positions—retail, commercial, and non-commercial—in various formats

This report is published in various formats, including **Legacy**, **Disaggregated**, and **Traders in Financial Futures (TFF)**.

What Is the COT Report?

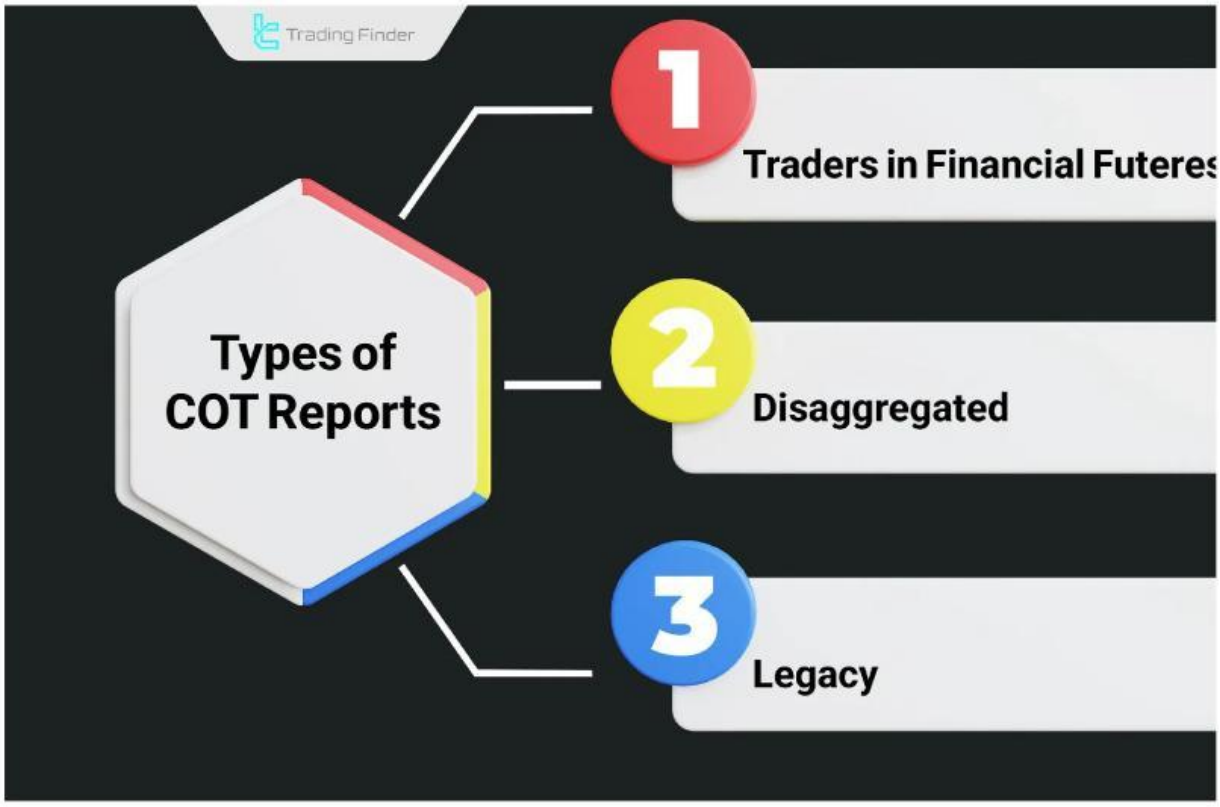
The **COT report**, or **Commitments of Traders**, shows the position status of major market participants in futures and options trading.

The report is published weekly on Fridays by the **Commodity Futures Trading Commission (CFTC)** and includes information on trading positions closed by the preceding Tuesday.

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Types of COT Reports

The **COT report** is categorized into three general types based on the target market:



A glance at the types of COT reports (Legacy, Disaggregated, and Traders in Financial Futures)

Legacy Report

The **Legacy** format is the oldest type of **Commitments of Traders** report; it includes trades in **commodities, metals, energy, forex**, and **U.S. stock indices**.

In the Legacy report details, traders are divided into three categories:

- **Commercial traders**: This group includes large corporations, producers, exporters, and companies in the futures market that use hedging to manage risk;
- **Non-commercial traders**: Professional market participants, investment managers, and hedge funds who are **Market makers in Forex** and other markets;
- **Retail traders** (Non-Reportable Positions): Individual retail traders with lower trading volumes than the other groups.

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Disaggregated Report

The **Disaggregated** format was first introduced in 2009 and offers more detailed information about trader groups. The trader classifications in this report are:

- **Producers and consumers**: Large commodity producers aiming to hedge risk
- **Swap dealers**: Banks and institutions that deal with swaps and financial derivatives
- **Hedge funds**: Hedge funds, investment managers, and institutional traders
- **Other large traders**: Private or large individual market participants

Note: **Financial derivatives** are instruments whose value is derived from an underlying asset like stocks, bonds, currencies, commodities, or market indices. These instruments include **Futures**, **Options**, **Forwards**, and **Swaps**.

Traders in Financial Futures Report (TFF)

This report **excludes commodity trading**, making it more suitable for **stock, bond, and forex market participants**. The trader types in the **TFF** report include:

- **Dealers and intermediaries**: Banks and financial institutions aiming to create market liquidity and serve their clients
- **Asset managers and institutional investors**: Pension funds, insurance companies, and institutional investors trading with long-term strategies
- **Hedge funds and leveraged traders**: Hedge funds and large traders using leveraged strategies
- **Other traders**: A mix of large firms and private traders

Differences Between COT Report Types

The table below illustrates the **differences between the three main types of COT reports**:

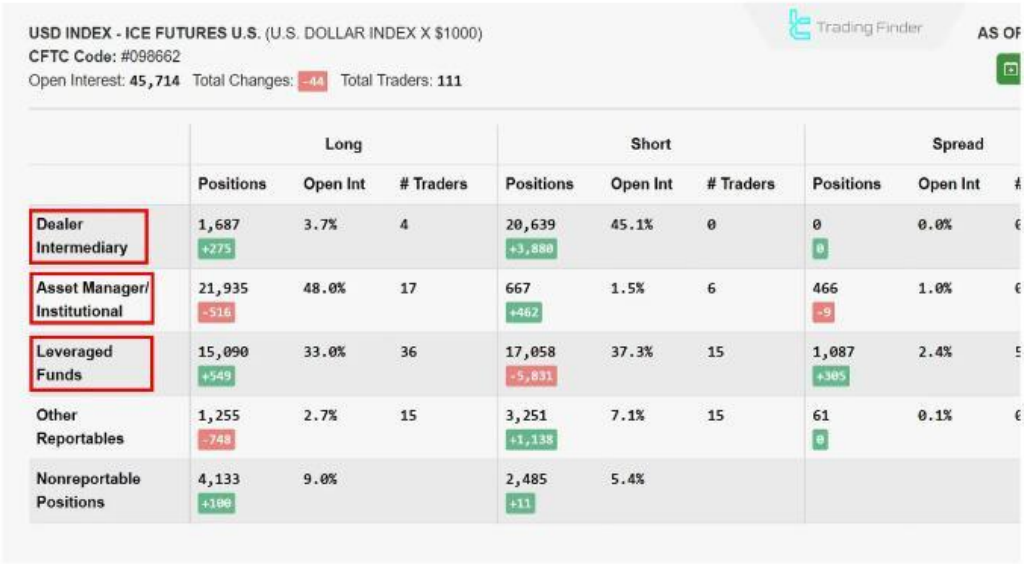
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Report Type	Trader Groups	Markets
Legacy Report	Commercial – Non-commercial – Retail traders	All futures and options markets
Disaggregated Report	Producers & Consumers – Large Financial Institutions & Banks – Hedge Funds – Other Traders	Commodities – Energy – Metals
TFF Report	Financial Intermediaries – Asset Managers & Institutional Investors – Speculative Funds – Other Traders	Bonds – Forex – Stocks

Trusted Sources for Studying the Commitments of Traders Report

Although the **Commitments of Traders Report** is published on the **CFTC website**, the user interface is not very intuitive and presents data in a very basic format.

The **Tradingster** website displays this report in a **simple and user-friendly** manner. The image below shows a snapshot of the **COT report** on the Tradingster platform:



USD INDEX - ICE FUTURES U.S. (U.S. DOLLAR INDEX X $1000)
CFTC Code: #098662
Open Interest: **45,714** Total Changes: -44 Total Traders: **111**

Trading Finder

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	Long			Short			Spread		
	Positions	Open Int	# Traders	Positions	Open Int	# Traders	Positions	Open Int	#
Dealer Intermediary	1,687 +275	3.7%	4	20,639 +3,880	45.1%	0	0 0	0.0%	0
Asset Manager/ Institutional	21,935 -516	48.0%	17	667 +462	1.5%	6	466 -9	1.0%	0
Leveraged Funds	15,090 +549	33.0%	36	17,058 -5,831	37.3%	15	1,087 +305	2.4%	5
Other Reportables	1,255 -748	2.7%	15	3,251 +1,138	7.1%	15	61 0	0.1%	0
Nonreportable Positions	4,133 +100	9.0%		2,485 +11	5.4%				

A view of the COT report for the Dollar Index on Tradingster website

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On the left side, each trader category is visible:

- **Dealer** (Retail Traders)
- **Asset Manager**
- **Leveraged Funds** (Professional Traders)

How to Analyze the COT Report

In this report, a **sentiment or fundamental analyst** examines the ratio of long and short positions held by asset managers and professional traders.

The direction of positions that asset managers hold typically reflects the **long-term market trend**. In contrast, **leveraged traders** (hedge funds) usually reflect **short-term market movements**.

For instance, in the image below, the ratio of **long and short positions** is visible. The U.S. dollar may exhibit an **upward trend in the medium to long term**, as asset managers are in long positions.

However, professional traders hold nearly equal long and short positions in the short term. In other words, the dollar is likely to **remain range-bound** in the short term.



Trading positions of asset managers and speculative traders (professional traders) in the COT report

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Conclusion

The **COT report** is a tool in both **fundamental** **and sentiment analysis**, reflecting the **sentiment of traders** in the **forex, stock, bond, and commodity** markets through futures data. This tool can be used in conjunction with **interest rate expectations**, **economic data**, and **central bank meetings** to identify potential market trends.

source:

1.our website link :
https://tradingfinder.com/education/forex/what-is-cot-report/

2.all Education :
https://tradingfinder.com/education/forex/

3.TradingFinder Support Team (Telegram):
https://t.me/TFLABS


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Educational link




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