

COT on forex and commodities

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Key points:

- Our weekly Commitment of Traders update tracks hedge fund positioning across forex and commodity futures during the week ending 15 September 2026.
- Dollar bulls retreat ahead of hawkish Fed: Speculators slashed their gross dollar long versus eight IMM futures by 70% to a 15-month low of USD 5.9 billion, just before the Fed's hawkish rate hike triggered renewed dollar buying.
- Yen positioning sees dramatic bullish shift: A record two-week buying spree of 216k contracts lifted the yen net long to a 14-month high, leaving positioning exposed after USDJPY subsequently surged towards 158.
- Energy rally met with muted hedge-fund buying: Despite a 9.4% sector surge, positioning changes were relatively modest, with Brent attracting some buying while RBOB gasoline and ULSD saw net selling.
- Metals cut while agriculture remains crowded: Broad metals liquidation included a 20% reduction in copper longs, while the combined grains and softs net long remained historically elevated at 1.35 million contracts despite some profit-taking.

Forex

The latest COT forex update covers the week to 15 September, just ahead of the Federal Reserve's hawkish rate hike, which triggered additional dollar buying during the remainder of the week. Speculative positioning, however, continued to resemble a supertanker struggling to respond to rapidly changing market signals, with traders reducing bullish dollar exposure even as the greenback regained strength.

For a second consecutive week, most of the action was concentrated in the Japanese yen, where speculators scrambled to rebuild bullish exposure. A record two-week buying spree of 216k contracts, equivalent to around USD 17.3 billion, lifted the net yen long to a 14-month high of 120k contracts.

However, the timing proved challenging. USDJPY ended the reporting week near 155 before surging towards 158 by Friday. The move followed the Bank of Japan's 25-basis-point rate hike to 1.25%, as Governor Ueda's signal that further tightening remained possible failed to meet relatively hawkish market expectations. The yen subsequently recovered some ground late Friday, with USDJPY settling back below 157. However, the sharp shift in speculative positioning leaves the yen vulnerable to further volatility in the week ahead, particularly if recently established longs come under pressure.

Overall, the gross dollar long against eight IMM currency futures was slashed by 70% to just USD 5.9 billion, the lowest in 15 months. In addition to the sizeable yen buying, the reduction was driven by short covering in the euro, where the net position improved by 15.6k contracts, equivalent to USD 2.3 billion, and the Canadian dollar, where 33k contracts, or around USD 2.4 billion, were bought back.

The data therefore captured a market heavily reducing dollar exposure immediately before hawkish

signals from both the Fed and BoJ triggered renewed dollar strength, potentially leaving some of these newly established positions vulnerable to adjustment in the next reporting period.

Commodities

In commodities, the latest COT update covers the week to 15 September, when the Bloomberg Commodity Index gained another 2.3%. The advance was entirely driven by a 9.4% surge in the energy sector, which more than offset weakness across agriculture, precious metals and, most notably, industrial metals.

In energy, hedge funds responded relatively cautiously to the additional price strength, with some fresh buying of Brent crude while the NYMEX-based RBOB gasoline and ULSD contracts both saw net selling.

Elsewhere, the metals sector saw broad long liquidation ahead of Wednesday's FOMC rate hike. Copper length was cut by 20% amid the delay to a US tariff decision and renewed concerns about the pace of AI-related demand growth.

In agriculture, a record net long across grains and soft commodities was broadly reduced. However, fresh buying of soybean oil and meal helped limit the overall reduction to just 15k contracts, leaving the combined net long at a historically elevated 1.35 million contracts, leaving the sector exposed to additional long liquidation if the technical or fundamental reasons for being long begin to fade.

What is the Commitments of Traders report?

The COT reports are issued by the U.S. Commodity Futures Trading Commission (CFTC) and the ICE Exchange Europe for Brent crude oil and gas oil. They are released every Friday after the U.S. close, covering positions held as of the previous Tuesday. The reports break down open interest in futures markets into different categories of market participants, depending on the asset class.

Commodities: Producer/Merchant/Processor/User, Swap Dealers, Managed Money, and Other Reportables
Financials: Dealer/Intermediary, Asset Manager/Institutional, Leveraged Funds, and Other Reportables
Forex: A broader breakdown between commercial and non-commercial participants, with the latter generally viewed as speculators

The main reasons we focus primarily on the behaviour of speculators, such as hedge funds and trend-following CTAs, are:

- They are more likely to have tight stops and no underlying physical exposure that needs to be hedged
- This makes them more reactive to changes in fundamental or technical price developments
- Their positioning provides insight into major trends, while extreme positions can also help identify when a reversal or correction may be looming

It is worth noting that this group tends to anticipate, accelerate and amplify price moves that have often already been set in motion by fundamentals. As followers of momentum, these traders typically buy into strength and sell into weakness. As a result, they are often found holding their largest long exposure near the peak of a cycle or their largest short exposure ahead of a trough in the market. For that reason, positioning extremes can be useful contrarian indicators, but rarely in isolation: timing still depends on a fundamental or technical catalyst that changes the prevailing trend.

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