

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 22 September 2026.
- Dollar longs stage a sharp comeback: Speculators began rebuilding their aggregate dollar long as surging US Treasury yields and renewed Fed tightening expectations restored the dollar's carry appeal.
- Yen buying reverses despite the BoJ hike: The yen suffered the biggest positioning reversal as rising US yields outweighed the impact of the Bank of Japan's rate hike to 1.25%.
- Energy exposure cut as supply fears ease: Hedge funds reduced commodity exposure across most sectors, led by a 64.5k-contract reduction in Brent as improving Hormuz flows and the restart of Saudi Arabia's East-West pipeline reduced some of the geopolitical risk premium.
- Copper and soybean meal buck the selling trend: Copper's net long jumped 26% to a 5½-year high of 82.6k contracts, while soybean meal reached a record 192k contracts, highlighting increasingly concentrated bullish positioning in markets supported by physical tightness, strong demand and supply concerns.

Forex

The latest COT forex update covers the week to 22 September, when a sharp rise in US Treasury yields helped lift the Dollar Index by around 1% and triggered a significant shift in speculative FX positioning. After seven consecutive weeks spent dismantling a record dollar long, investors rapidly rebuilt exposure as higher US yields and renewed Fed tightening expectations restored the dollar's carry appeal.

From a record USD 50 billion net long at the end of July, speculators had cut their combined position to just USD 5.9 billion, with much of the reduction driven by aggressive yen buying. That trend reversed sharply during the latest reporting week, with the combined dollar long jumping to USD 18.4 billion. The shift reflected a renewed widening of the dollar's yield advantage following the Federal Reserve's latest 25-basis-point rate hike and increasingly hawkish expectations for the policy outlook. US Treasury yields surged as markets priced a greater risk of additional Fed tightening amid persistent inflation concerns, partly fuelled by elevated energy prices. By 22 September, markets were roughly evenly split on the prospect of another Fed hike in October.

Following two weeks of buying totalling 213k contracts, or roughly USD 17 billion, which flipped the yen position from net short to a 120k net long, sellers returned last week, cutting the long by 48k contracts, equivalent to USD 3.9 billion, as USDJPY struggled to extend its earlier decline. Despite the Bank of Japan raising its policy rate to 1.25%, the yen remained under pressure as investors questioned how quickly further tightening could follow, while the renewed rise in US yields maintained a substantial US-Japan rate differential.

Besides the yen, dollar buying was concentrated against the euro which saw net selling of 25.3k contracts, equivalent to USD 3.6 billion, while sterling positions were cut by 23.9k contracts, or around

USD 2 billion. Elsewhere, the New Zealand dollar recorded its largest weekly sale since 2018, with speculators dumping 21.9k contracts, equivalent to USD 1.3 billion. The move came despite the RBNZ raising its cash rate to 2.75%, as its projected tightening path proved more gradual than markets had expected.

Commodities

The Bloomberg Commodity Index fell 1.8%, reversing some of its recent strong gains. The correction was led by energy, with WTI crude dropping around 10% and gasoil 9% as improving oil flows through the Strait of Hormuz and the restart of Saudi Arabia's East-West pipeline eased some immediate supply concerns. Agriculture was also broadly weaker, led by soybean oil, cocoa and coffee.

These losses were only partly offset by gains across metals. Copper rebounded around 6% following a period of profit-taking, supported by persistent concerns about tight supply outside the US and exceptionally low exchange inventories in China. Silver and platinum also advanced despite a challenging macro backdrop of rising US bond yields and a stronger dollar. Managed money accounts responded by becoming net sellers across all sectors except industrial metals, where renewed copper buying stood out. The HG copper net long jumped 26% to 82.6k contracts, the highest in 5½ years. Selling was concentrated in Brent crude (-64.5k contracts), gold (-5.7k), soybean oil and cotton. The sizeable reduction in Brent exposure reflected the sharp reversal in crude prices as improving Middle East flows reduced some of the geopolitical risk premium that had previously supported prices.

Besides copper, notable buying was seen in RBOB gasoline, soybeans and soybean meal. The soybean meal net long surged to a fresh record in data going back to 2006 at 192k contracts, extending a sharp build in speculative exposure amid strong export demand and weather-related concerns affecting the US harvest.

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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