

COT on forex and commodities

Saxo Bank · 2026-10-19 · English original

Key points:

- The Commitment of Traders update highlights futures positions and changes made by hedge funds and other speculators across commodities and forex during the week to last Tuesday, 13 October 2026.
- Forex: Speculators lifted their gross dollar long by 27% to an 11-week high of USD 44.6 billion, a USD 37 billion increase in just four weeks, raising the risk of a crowded trade reversal.
- Energy: Brent crude attracted strong buying amid persistent Middle East supply risks and tight refined product markets, helping lift the BCOM index by 1.5%.
- Metals: Managed money reduced exposure across all metals, led by gold, as dollar strength and elevated US real yields continued to weigh on sentiment ahead of Wednesday's inflation print.
- Agriculture: Grain longs fell for a fourth consecutive week, led by corn following a bearish USDA WASDE report, while sugar's net long reached a five-year high.

Forex

The rapid rebuilding of long dollar positions extended into a fourth consecutive week, supported by continued, albeit relatively modest, dollar strength ahead of last Wednesday's US CPI release. Dollar strength was particularly pronounced against the euro, amid ongoing political and fiscal turmoil in Europe, and the Mexican peso, which fell to its lowest level of the year after minutes from the latest central bank meeting suggested policymakers were increasingly open to rate cuts, undermining the currency's carry appeal.

Overall, the gross dollar long against eight IMM currency futures surged 27% to USD 44.6 billion, an 11-week high and a remarkable USD 37 billion increase over the past four weeks. The euro net short reached a ten-year high of 138,000 contracts, equivalent to USD 19.3 billion, while the sterling short climbed to a nine-year high of 107,000 contracts, or USD 9 billion. Meanwhile, the Australian dollar short reached a record of 117,000 contracts, equivalent to USD 8.2 billion, a remarkable turnaround from a 13-year high at 86k contracts recorded back in May.

These increasingly stretched positions highlight the extent to which speculative investors have embraced the dollar's recovery. However, they also point to a potentially vulnerable and increasingly one-sided trade, with the risk of a sharp reversal should the fundamental or technical backdrop shift. The rapid unwinding of dollar longs following the multi-year-positioning peak in late July serves as a timely reminder of how quickly sentiment can turn when too many investors find themselves on the same side of the trade.

Commodities

Broad selling extended into a second consecutive week despite another period of overall index strength, which lifted the Bloomberg Commodity Index (BCOM) by 1.5%. However, as the table highlights, gains were primarily driven by energy, while all other sectors suffered setbacks, led by grains and precious metals. The reporting period ended just ahead of last Wednesday's US CPI release, which subsequently triggered considerable turbulence across financial markets.

Managed money buying was concentrated in Brent crude, which gained 5% during the week, followed by gasoil and natural gas, while the speculative net long in sugar rose to a five-year high.

All metals saw net selling, led by gold ahead of the US CPI release. In gold its worth noting the continued battle between investors in ETFs where holdings reached a fresh four-year high last week as opposed to continued net selling by hedge funds in futures market reducing the net long to a four-month low. However, the bulk of the selling was once again concentrated in grains, where a fourth consecutive week of long liquidation followed last month's record net long of more than one million contracts. Corn suffered the largest reduction as traders responded to the latest and particularly bearish USDA WASDE report, which triggered the biggest one-day corn price slump since 2023.

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.

- Ole S Hansen's articles on Saxo
- For market commentary and insights - not trading advice - follow me and join the conversation on Twitter and Substack

