COT on forex and commodities

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Our weekly Commitment of Traders update tracks hedge fund positioning across forex and commodity futures during the week ending 25 August 2026.

Dollar longs cut after the Treasury buyback: Speculators reduced the aggregate dollar long by USD 8.3 billion to USD 27.6 billion, led by short covering in the euro, Canadian dollar, Swiss franc and New Zealand dollar, while yen selling continued amid unfavourable US-Japan rate differentials.

Agriculture length surges at a record pace: The managed-money net long across ten major grains and softs jumped at the fastest pace on record, with corn, sugar, cotton and Kansas wheat reaching multi-year positioning highs, while CBOT wheat remained net short ahead of an 11% price surge as worsening Black Sea supply risks forced shorts to retreat.

Metals and energy positioning diverge: Gold futures buying remained relatively restrained despite a 6.2% rally, while copper length eased from elevated levels. In energy, funds cut Brent longs by 11% as increased Hormuz flows reduced the Middle East risk premium.

The COT update on forex covering the week to 25 August captured the aftermath of the US Treasury's bond buyback announcement, which initially weakened the dollar before some buying returned later in the reporting period. Overall, the Bloomberg Dollar Spot Index ended the reporting week down around 0.8%, before fully reversing the buyback-driven decline by last Friday following Kevin Warsh's hawkish speech at Jackson Hole.

Against this backdrop, the initial reaction was unsurprisingly one of dollar-long liquidation, with speculators turning net buyers of most of the eight IMM currency futures tracked in this report. The main exception was the Japanese yen. Overall, the aggregate speculative dollar long was cut by USD 8.3 billion to USD 27.6 billion, extending a sharp reversal from the record long of around USD 50 billion reached just one month earlier.

At the individual currency level, the euro short was cut by 38% after speculators bought a net 22.7k contracts, equivalent to USD 3.3 billion, leaving the net short at USD 5.3 billion. The Canadian dollar saw its net short reduced by 23%, or USD 2.7 billion, following net buying of 36.6k contracts. The Swiss franc and New Zealand dollar also attracted sizeable short covering, each seeing their respective dollar-equivalent shorts reduced by around USD 1.1 billion.

Sterling and the Australian dollar also saw modest net buying, although both remained firmly net short, while the Mexican peso continued to stand out as the only currency among the eight carrying a speculative net long against the dollar. Its relative strength continues to be supported by favourable rate differentials - the same dynamic, but in reverse, that continues to weigh on the Japanese yen.

Going against the broader trend, the yen saw net selling for a second consecutive week, with speculators selling 10.4k contracts and lifting the net short to 63.3k contracts, or around USD 5 billion. The divergence highlights the continued importance of relative rate expectations, with the still-wide US-Japan yield differential limiting the yen's ability to benefit from the broader bout of dollar weakness.

In commodities, the latest reporting week to 25 August covered the period following the surprise US Treasury bond buyback announcement, which triggered a rush into hard assets, particularly precious metals, while the accompanying dollar weakness provided broader support across the commodity complex. It was also a week in which the geopolitical temperature rose in and around the Black Sea region while a temporary easing in the Middle East contributed to an increase in crude flows through the Strait of Hormuz and a partial unwinding of the oil market's geopolitical risk premium.

During the week, the Bloomberg Commodity Index rose by 1.1%, with strong gains across agriculture excluding livestock and, not least, precious metals, while industrial metals also advanced. These gains more than offset losses across the energy sector. Speculators responded by cutting length in Brent crude, soybean oil and livestock, while most other markets saw net buying. Once again, the strongest appetite was concentrated in grains and softs, a sector that in a matter of weeks has moved from being relatively under-owned to carrying an increasingly sizeable speculative long.

Elsewhere, the positioning response to strong gains across the investment metals was relatively muted. Gold rose 6.2% during the reporting week, while the managed-money net long increased by just 4% to 151.3k contracts, leaving it close to its one-year high. Silver and platinum saw larger percentage increases albeit from considerably smaller starting positions. This suggests that the strong price response to the Treasury announcement was not accompanied by an equally aggressive build-up in futures positioning, potentially pointing to demand coming from other sources as well.

On Friday, gold led the precious metals sector sharply lower following Kevin Warsh’s hawkish Jackson Hole speech on Friday, in which he pledged to fight inflation, lifting expectations that the Fed could raise rates before year-end. The weakness extended into today's session after bullion closed back below its 200-day moving average on Friday, currently at USD 4,528, forcing traders to reassess the short-term technical outlook. The next key support is around USD 4,328, the 50% retracement of the August rally. Focus on the dollar and bond yields considering the longer-term fiscal challenge posed by US debt at around USD 40 trillion has not disappeared.

Agriculture: Across the ten major grain and soft commodity futures tracked in this report, the combined managed-money net long has now in the past two weeks surged by 546k contracts, the fastest pace on record, with the total rising above 1.1 million contracts, the highest in more than four years and representing a nominal exposure of more than USD 40 billion. The speed of the turnaround has been particularly striking, with the combined position having been close to neutral only a few months ago.

The buying was led by corn, where funds added a net 126k contracts to lift the net long to 376.5k contracts, the highest in more than four years. Soybeans also attracted sizeable demand, with the net long rising by 46.6k contracts to 198.3k, while sugar saw another 55.7k contracts of net buying, lifting the position to a fresh two-year high of 207.1k contracts. Cotton also reached a two-year high at 95.8k contracts, while the Kansas City wheat net long rose to 44.1k contracts, a four-year high.

One notable exception was CBOT wheat, where speculators, despite some short covering, still held a net short position of more than 100,000 contracts by last Tuesday. This helps explain why prices jumped more than 11% in the days that followed, as short sellers retreated on news that Russian exports had slowed sharply and disruptions to Ukrainian shipments increasingly threatened not only current exports but also future planting. The fundamental backdrop has therefore become considerably less comfortable for remaining wheat shorts.

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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