

How to Read the Commitments of Traders reports

This sample is a page from the December 12, 2006, COT report (short format) showing data for the Chicago Board of Trade's wheat futures contract.

WHEAT -- CHICAGO BOARD OF TRADE											
FUTURES-ONLY POSITIONS AS OF 12/12/06											
NONCOMMERCIAL			COMMERCIAL		TOTAL		NONREPORTABLE				
LONG	SHORT	SPREADS	LONG	SHORT	LONG	SHORT	LONG	SHORT			
(CONTRACTS OF 5,000 BUSHEL)			OPEN INTEREST: 417,081								
COMMITMENTS											
73,598	56,045	69,448	237,539	232,901	380,585	358,394	36,496	58,687			
CHANGES FROM 05/25/2004 CHANGE IN OPEN INTEREST: -7,043											
-10,463	-1,186	126	3,462	-6,610	-6,875	-7,670	-168	627			
PERCENT OF OPEN INTEREST FOR EACH CATEGORY OF TRADERS											
17.6	13.4	16.7	57.0	55.8	91.2	85.9	8.8	14.1			
NUMBER OF TRADERS IN EACH CATEGORY (TOTAL TRADERS: 317)											
102	89	92	67	96	233	226					

Explanatory Notes

Open Interest. Open interest is the total of all futures and/or option contracts entered into and not yet offset by a transaction, by delivery, by exercise, etc. The aggregate of all long open interest is equal to the aggregate of all short open interest.

Open interest held or controlled by a trader is referred to as that trader's position. For the COT Futures-and-Options-Combined report, option open interest and traders' option positions are computed on a futures-equivalent basis using delta factors supplied by the exchanges. Long-call and short-put open interest are converted to long futures-equivalent open interest. Likewise, short-call and long-put open interest are converted to short futures-equivalent open interest. For example, a trader holding a long put position of 500 contracts with a delta factor of 0.50 is considered to be holding a short futures-equivalent position of 250 contracts. A trader's long and short futures-equivalent positions are added to the trader's long and short futures positions to give "combined-long" and "combined-short" positions.

Open interest, as reported to the Commission and as used in the COT report, does not include open futures contracts against which notices of deliveries have been stopped by a trader or issued by the clearing organization of an exchange.

Reportable Positions. Clearing members, futures commission merchants, and foreign brokers (collectively called reporting firms) file daily reports with the Commission. Those reports show the futures and option positions of traders that hold positions above specific reporting levels set by CFTC regulations. If, at the daily market close, a reporting firm has a trader with a position at or above the Commission's reporting level in any single futures month or option expiration, it reports that trader's entire position in all futures and options expiration months in that commodity, regardless of size. The aggregate of all traders' positions reported to the Commission usually represents 70 to 90 percent of the total open interest in any given market. From time to time, the Commission will raise or lower the reporting levels in specific markets to strike a balance between collecting sufficient information to oversee the markets and minimizing the reporting burden on the futures industry.

Commercial and Non-commercial Traders. When an individual reportable trader is identified to the Commission, the trader is classified either as "commercial" or "non-commercial." All of a trader's reported futures positions in a commodity are classified as commercial if the trader uses futures contracts in that particular commodity for hedging as defined in [CFTC Regulation 1.3\(z\)](#), 17 CFR 1.3(z). A trading entity generally gets classified as a "commercial" trader by filing a statement with the Commission, on [CFTC Form 40: Statement of Reporting Trader](#), that it is commercially "...engaged in business activities hedged by the use of the futures or option markets." To ensure that traders are classified with accuracy and consistency, Commission staff may exercise judgment in re-classifying a trader if it has additional information about the trader's use of the markets.

A trader may be classified as a commercial trader in some commodities and as a non-commercial trader in other commodities. A single trading entity cannot be classified as both a commercial and non-commercial trader in the same commodity. Nonetheless, a multi-functional organization that has more than one trading entity may have each trading entity classified separately in a commodity. For example, a financial organization trading in financial futures may have a banking entity whose positions are classified as commercial and have a separate money-management entity whose positions are classified as non-commercial.

Nonreportable Positions. The long and short open interest shown as "Nonreportable Positions" is derived by subtracting total long and short "Reportable Positions" from the total open interest. Accordingly, for "Nonreportable Positions," the number of traders involved and the commercial/non-commercial classification of each trader are unknown.

Spreading. For the futures-only report, spreading measures the extent to which each non-commercial trader holds equal long and short futures positions. For the options-and-futures-combined report, spreading measures the extent to which each non-commercial trader holds equal combined-long and combined-short positions. For example, if a non-

commercial trader in Eurodollar futures holds 2,000 long contracts and 1,500 short contracts, 500 contracts will appear in the "Long" category and 1,500 contracts will appear in the "Spreading" category. These figures do not include intermarket spreading, such as spreading Eurodollar futures against Treasury Note futures. See also [Old and Other Futures](#).

Changes in Commitments from Previous Reports. Changes represent the differences between the data for the current report date and the data published in the previous report.

Percent of Open Interest. Percents are calculated against the total open interest for the futures-only report and against the total futures-equivalent open interest for the options-and-futures-combined report. Percents less than 0.05 are shown as 0.0; and because of rounding, percents may not total 100.0.

Number of Traders. To determine the total number of reportable traders in a market, a trader is counted only once whether or not the trader appears in more than one category (non-commercial traders may be long or short only and may be spreading; commercial traders may be long and short). To determine the number of traders in each category, however, a trader is counted in each category in which the trader holds a position. The sum of the numbers of traders in each category, therefore, will often exceed the number of traders in that market.

Old and Other Futures (long form only). For selected commodities where there is a well-defined marketing season or crop year, the COT data are broken down by "old" and "other" crop years. The [Major Markets for Which the COT Data Is Shown by Crop Year](#) table lists those commodities and the first and last futures of the marketing season or crop year. In order not to disclose positions in a single future near its expiration, on the first business day of the month of the last future in an "old" crop year, the data for that last future is combined with the data for the next crop year and is shown as "old" crop futures. An example is CBOT wheat, where the first month of the crop year is July and the last month of the prior crop year is May. On May 3, 2004, positions in the May 2004 futures month were aggregated with positions in the July 2004 through May 2005 futures months and shown as "old" crop futures. Positions in all subsequent wheat futures months were shown as "other."

For the "old" and "other" figures, spreading is calculated for equal long and short positions within a crop year. If a non-commercial trader holds a long position in an "old" crop-year future and an equal short position in an "other" crop-year future, the long position will be classified as "long-only" in the "old" crop year and the short position will be classified as "short-only" in the "other" crop year. In this example, in the "all" category, which considers each trader's positions without regard to crop year, that trader's positions will be classified as "spreading." For this reason, summing the "old" and "other" figures for long-only, for short-only, or for spreading will not necessarily equal the corresponding figure shown for "all" futures. Any differences result from traders that spread from an "old" crop-year future to an "other" crop-year future.

Concentration Ratios (long form only). The report shows the percents of open interest held by the largest four and eight reportable traders, without regard to whether they are classified as commercial or non-commercial. The concentration ratios are shown with trader positions computed on a gross long and gross short basis and on a net long or net short basis. The "Net Position" ratios are computed after offsetting each trader's equal long and short positions. A reportable trader with relatively large, balanced long and short positions in a single market, therefore, may be among the four and eight largest traders in both the gross long and gross short categories, but will probably not be included among the four and eight largest traders on a net basis.

Supplemental Report. Based on the information contained in the report of futures-and-options combined in the short format, the Supplemental report shows an additional category of "Index Traders" in selected agricultural markets. These traders are drawn from the noncommercial and commercial categories.

The noncommercial category includes positions of managed funds, pension funds, and other investors that are generally seeking exposure to a broad index of commodity prices as an asset class in an unleveraged and passively-managed manner. The commercial category includes positions for entities whose trading predominantly reflects hedging of over-the-counter transactions involving commodity indices—for example, a swap dealer holding long futures positions to hedge a short commodity index exposure opposite institutional traders, such as pension funds.

All of these traders—whether coming from the noncommercial or commercial categories—are generally replicating a commodity index by establishing long futures positions in the component markets and then rolling those positions forward from future to future using a fixed methodology. Some traders assigned to the Index Traders category are engaged in other futures activity that could not be disaggregated. As a result, the Index Traders category, which is typically made up of traders with long-only futures positions replicating an index, will include some long and short positions where traders have multi-dimensional trading activities, the preponderance of which is index trading. Likewise the Index Traders category will not include some traders who are engaged in index trading, but for whom it does not represent a substantial part of their overall trading activity.

Major Markets for Which the COT Data Is Shown by Crop Year

Market	First Future	Last Future
CBOT Wheat	July	May
CBOT Corn	December	September
CBOT Oats	July	May
CBOT Soybeans	September	August
CBOT Soybean Oil	October	September

CBOT Soybean Meal	October	September
CBOT Rough Rice	September	July
KCBT Wheat	July	May
MGE Wheat	September	July
CME Lean Hogs	December	October
CME Frozen Pork Bellies	February	August
NYBT Cocoa	December	September
NYBT Coffee C	December	September
NYBT Cotton No.2	October	July
NYBT Frozen Conc Orange Juice	January	November

Note: **CBOT**: Chicago Board of Trade; **KCBT**: Kansas City Board of Trade; **MGE**: Minneapolis Grain Exchange; **CME**: Chicago Mercantile Exchange; **NYBT**: New York Board of Trade.

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http://www.cftc.gov/marketreports/commitmentsoftraders/cot_about.html