

Chapter 1 : Commitments of Traders - Wikipedia

Overall, the COT data are broadly discussed in terms of hedgers (reporting commercials), funds (reporting noncommercials), and small speculators (nonreporting traders). As illustrated in the opening quotes, the CFTC's COT report is widely anticipated and closely analyzed by commodity futures traders.

The weekly Commitment of Traders disaggregated futures report divides the markets into three basic groups; small speculators, large speculators and, commercial traders. Our thesis is that the commercial traders, whose interest in the futures markets relates solely to their business plan, ultimately prove to be correct in forecasting profitable turning points in many markets because they have better information than do we. Therefore, when the commercial traders are selling coffee futures ahead of seasonal weakness, we take note. The first chart displays the mechanics behind our nightly COT Signals worksheet. We identify the commercial traders momentum. We wait for the large speculators to overextend their position against the commercial traders momentum. Once the market reverses back inline with the commercial traders directional indication, we enter the market. Finally, and always, we place a protective stop loss order at the recently created swing high or, low. The true discretionary nature of this setup lies in the profit taking. Its no coincidence that the commercial traders have turned to the sell side ahead of the projected seasonal weakness through month-end. As you'll see below, the seasonal component we provide separately is strong enough to stand on its own. Feel free to view the seasonal results for verification. Our seasonal research is nearly ready to produce a short signal in the coffee futures. The Commitment of Traders analysis provides a sensitive tool for scalping in and out of the more broadly defined seasonal weakness. Lets see what we expect from the coffee market over the next couple of weeks. This is the out of sample performance for the seasonal coffee futures model well be running. Our standard delivery format for the seasonal trading program includes out of sample charts and Monte Carlo results adjusted to current market prices. The out of sample equity curve for the model is plotted in white, while coffee futures prices are plotted in yellow. This is the out of sample closed trade equity curve for the coffee futures seasonal model be employing. More important to than the equity curve are the Monte Carlo results. One of the biggest problems with seasonal trading is having such a small sample size with which to work. Monte Carlo testing helps provide a better big picture of returns than the small number of trades that populate a given models history. The results, below tell us that the models average gain for this period is 5. This means that we expect two-thirds of our trades to fall somewhere between 2. This equals a decline in the value of coffee and a profit to us of somewhere between 7. Monte Carlo analysis can provide a better estimate of returns in models with small sample sizes. When it comes down to it, successful trading requiresthree things. First, a strategy with a mathematically positive outcome; an edge. Second, the money management skills to not only implement the strategy but, also maximize its effectiveness through proper trade sizing. Finally, the biggest variable is number three; execution. We must stick to the strategy as closely as possible to generate similar performance. Try the Discretionary COt Signals or our, seasonal analysis for the first two, and well wait till you suggest we trade it for you on the third. Recent articles from this author.

Chapter 2 : COT Short Sale Setup Preceding Seasonally Weak Coffee Market | Seeking Alpha

The goal of Futures for Small Speculators is to help commodity and futures investors to properly speculate in these fast moving markets.

Net net, I rarely have a losing week, market up, market down. And that I owe to you. More premium sold than bought. You have been a great teacher, and I have embarrassed myself repeatedly day with how slowly I learn. The arithmetic is cruel to the downside, and becomes a gift in the other direction. Have a great weekend. Zeroxzero hil, I hit my targets for the year in my K thanks in no small part to your site , so I cashed out of all positions a couple of weeks ago. Lunar Phil â€” Great calls yesterday, you were in top form. As I was reading your postings, I had hindsight of what the day brought. The calls were uncanny! I practically bought it at the tippy top. Had I not watched that video and learned your system, I would sold out of the position, and been kicking myself for making such a bad entry. Hoss I have learned more about options in the past 2 weeks as a full PSW member that the previous 5 yrs of making more bad than good option plays. The educational material alone is worth several times the price of admission. Pstas I cannot believe the success I have had in the last 6 months because of what I have learned here! It has been truly life changing. Thank you Phil, I am forever grateful and hope I have helped someone else along the way. Craigs Here I have learned and look differently at things. Over the years being with PSW I have first of all learned and gained in knowledge of trading. This to me is one of the biggest gains. I still remember the play on Caesar Palace, paid my trip to Atlanta! Is it time to roll these to the March Bill Hoffman Thanks super helpful re: Thanks to all of you for your insights and comments which help make me a better investor every day. Wishing everybody the best of luck for Learner Thanks Phil for all you do. Your service is number Uno in my book for all the knowledge and teaching. I ignored the aapl spin and am now enjoying some rewards. Every AM I get my Phil fix and throughout the day any important links. It leaves me time for my volunteer work besides the investing. Not bad for few minutes work. I think AMZN has an 85 handle tomorrow Cap I am an investor, not a trader. It is great to see your website thriving. Prof Thank you so much for the good daily news in review Phil. I love your commentary! It is such a breath of fresh air in the smog cluttered news networks. RJRoberts Wow, Phil, we pretty much made your levels. The option adjustment techniques are very helpful. Trading stocks would probably never offer that kind of flexibilities! Investwizard Phil, you are the man. TSR is another winner. Just waiting for the TSLA short now! Since there are often many head fakes in the charts, that was very well done. Thanks for the help on this, Phil and others. Microflux Man, what a week: Bought C at 1. Bought FAS at all sorts of levels and started cashing out. This site has made me tens of thousands, every year since I have become a member. It took me nearly two years devoting 3 hours per day to get on the ball, and actually understand portion sizing, and which trades fit my personal trading style. Before that I spent at least two years working on Buffet style fundamental investing. Intellegent Investor, Security Analysis, ect. This site really will teach you amazing things if you just pay attention. Literally it has changed my day to day life, has allowed my family and I to move back to the U. Knightpilot This is my first month here. Today was a money train with futures. I took RB almost every direction up and down. And I only used 1 contract or maximum 2. I think it was a good investment to subscribeâ€”! Kgabor Hey Phil - writing to thank you! First of all, and I know you have heard this a few times form some others - the portfolio updates you have done - with entries and targets and even margin reqs are invaluable! Winston Phil - I know I am small change compared to most others members, but I just wanted to let you know that during the last two weeks with the shorts you and others suggested I have 6 winners and 5 losers. My losers were small because I tried to follow your guidelines as best I could. Thank you for your patience and help. I think I am making progress getting rid of some of my poor trading habits of the past! DCalrk41 Phil, have to thank you for saving me today. I think the discipline I have learned from this site has helped me as much if not more than the actual picks.

Chapter 3 : COT Gold, Silver and US Dollar Index Report - August 10,

Single Stock Futures For Small Speculators-Workbook is the third installment in the "Small Speculators" series. On October 25th ,single stock futures also known as security futures were released to the world.

February 13, No Bond Vigilantes: This is complete silliness. However, there is a record speculative building up against bonds in the futures market. Hedge funds and other large speculators are more convinced than ever that the bond-market rout will resume in the days ahead. The group, known for trading on momentum, boosted short bets in year Treasury futures to a record , contracts, according to Commodity Futures Trading Commission data through Feb. That means the violent market moves on Feb. The next gut-check comes Wednesday, with the latest read on consumer prices. By contrast, longer-term holders like asset managers are seen as more likely to stay the course. Their net long in year futures is the highest since October Moreover, the bars represent the price of the bond, not the yield on a year bond. However, we can see, that when it comes to shorting year treasuries, small speculators display terrible timing. They are positioned for another beating if the yield on year treasuries declines. They are now almost as net short as the big speculators. Bloomberg cites a record short position. Bloomberg may be counting options. The top half of the chart is from CotPriceCharts. Those small and large spec bars are to scale. I overlaid a chart of yield for the same time frame. The CFTC receives the data from the reporting firms on Wednesday morning and then corrects and verifies the data for release by Friday afternoon. These reports have a futures only report and a combined futures and options report. The charting services take the data and produce charts, some of them free. A key point to remember is you are always looking at stale data. In volatile weeks positions can change rapidly. The data released on February 9, for February 2, is very suspect. We get a new report on February This is a recipe for disaster at turns. The widespread beliefs that the Trump tax cuts will fuel investment and inflation will rise because of wages are both half-baked at best. One reason yields have been rising is the opposite of what people think. For discussion, please see Trapped Funds Myth: Foreign Cash Repatriation Boom in Reverse.

Chapter 4 : Market Owl: Small Speculators in Treasuries

Small Speculators - Exactly what the name implies. For our purpose, we track the Commercial Hedgers. Our idea is that, in a value driven futures market, no one knows fair value like the people who produce it or, have to use it.

History[edit] With the appearance of the stock ticker machine in , which removed the need for traders to be physically present on the floor of a stock exchange, stock speculation underwent a dramatic expansion through the end of the s. The number of shareholders increased, perhaps, from 4. Some sources note that speculation is simply a higher risk form of investment. Others define speculation more narrowly as positions not characterized as hedging. Commodity Futures Trading Commission defines a speculator as "a trader who does not hedge, but who trades with the objective of achieving profits through the successful anticipation of price movements. Nicholas Kaldor [8] has long recognized the price-stabilizing role of speculators, who tend to even out "price-fluctuations due to changes in the conditions of demand or supply," by possessing "better than average foresight. When a harvest is too small to satisfy consumption at its normal rate, speculators come in, hoping to profit from the scarcity by buying. Their purchases raise the price, thereby checking consumption so that the smaller supply will last longer. Producers encouraged by the high price further lessen the shortage by growing or importing to reduce the shortage. On the other side, when the price is higher than the speculators think the facts warrant, they sell. This reduces prices, encouraging consumption and exports and helping to reduce the surplus. Another service provided by speculators to a market is that by risking their own capital in the hope of profit, they add liquidity to the market and make it easier or even possible for others to offset risk , including those who may be classified as hedgers and arbitrageurs. Market liquidity and efficiency[edit] If any market, such as pork bellies , had no speculators, only producers hog farmers and consumers butchers, etc. With fewer players in the market, there would be a larger spread between the current bid and ask price of pork bellies. Any new entrant in the market who wanted to trade pork bellies would be forced to accept this illiquid market and might trade at market prices with large bid-ask spreads or even face difficulty finding a co-party to buy or sell to. By contrast, a commodity speculator may profit the difference in the spread and, in competition with other speculators, reduce the spread. Some schools of thought argue that speculators increase the liquidity in a market, and therefore promote an efficient market. Speculators take information and speculate on how it affects prices, producers and consumers, who may want to hedge their risks, needing counterparties if they could find each other without markets it certainly would happen as it would be cheaper. A very beneficial by-product of speculation for the economy is price discovery. On the other hand, as more speculators participate in a market, underlying real demand and supply can diminish compared to trading volume, and prices may become distorted. For example, a farmer might be considering planting corn on some unused farmland. However, he might not want to do so because he is concerned that the price might fall too far by harvest time. By selling his crop in advance at a fixed price to a speculator, he is now able to hedge the price risk and so he can plant the corn. Thus, speculators can actually increase production through their willingness to take on risk not at the loss of profit. Hence, they make the prices better reflect the true quality of operation of the firms. Economic bubbles[edit] Speculation is often associated with economic bubbles. But the situation is serious when enterprise becomes the bubble on a whirlpool of speculation. Their provision of capital and information may help stabilize prices closer to their true values. On the other hand, crowd behavior and positive feedback loops in market participants may also increase volatility. Government responses and regulation[edit] The economic disadvantages of speculators have resulted in a number of attempts over the years to introduce regulations and restrictions to try to limit or reduce the impact of speculators. Such financial regulation is often enacted in response to a crisis as was the case with the Bubble Act , which was passed by the British government at the height of the South Sea Bubble to try to stop speculation in such schemes. It was left in place for over a hundred years until it was repealed in Another example was the Glass-Steagall Act passed in during the Great Depression in the United States ; most of the Glass-Steagall provisions were repealed during the s and s. The Onion Futures Act bans the trading of futures contracts on onions in the United States, after speculators successfully cornered the market in the mids; it remains in effect as of

[update]. It included the ability to restrict or ban the trading in derivatives on food commodities. After independence, in the s, India continued to struggle with feeding its population and the government increasingly restricted trading in food commodities. Just at the time the Forward Markets Commission was established, the government felt that derivative markets increased speculation, which led to increased food costs and price instabilities. In , it finally prohibited options and futures trading altogether. The CFTC offers three basic elements for their regulatory framework: Passed on 21 January , it states that those investments played a key role in the financial crisis of “

Chapter 5 : Weekly CoT Update: Speculators Buy Gold at Record Pace, Sell More Euros

So I bought "Futures For Small Speculators: Workbook" and I was even further impressed. This book is based on a " x 11" format and has the three tools mentioned above layed out bare. There is a Futures Trading Plan questionnaire to photocopy and fill out, there is an actual Trading Worksheet to use, and built into the guide is a Futures.

The short report shows open interest separately by reportable and Non-reportable positions. For reportable positions, additional data is provided for commercial and non-commercial holdings, spreading, changes from the previous report. Futures and Options Combined What does this title mean? A future is a standardized contract traded through regulated exchanges where an investor buys or sells a contract at a specified price for a specific date in the future. The price includes the interest charge due to the seller by the buyer from the date of the contract to the due date. The difference is that a futures contract is an agreement to buy or sell, whereas an option gives the holder the right to buy or sell. An option holder can decide not to take up that right and will only lose the cost of buying the option. His loss is therefore definable at the start of his investment, while the potential profit has not limit to it. In essence, he is a gambler. A trader might be this, but then again he might be an Arbitrageur, buying in one market and selling in another to capture the price difference between the two. He wants to deal as fast as possible so as to minimize his risk of a price movement while he is exposed. We would not put him in the same category as a speculator. Contract One contract is ounces of gold, or 5, ounces silver. The numbers referred to above are therefore the number of contracts in that position. The net long speculative position is found by adding the large and small speculators bought contracts and deducting the large and small speculators sold contracts. We work on there being 32, ounces in a tonne. Buy [Long] A long position is where an investor, trader, speculator buys ounces x the number of contracts. Sell [Short] A short position is where an investor, trader, speculator sells ounces x the number contracts. Spreading 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 Gold futures holds 2, long contracts and 1, short contracts, contracts will appear in the "Long" category and 1, contracts will appear in the "Spreading" category. The aggregate of all long open interest is equal to the aggregate of all short open interest. 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. Commercial and Non-commercial Traders When an individual reportable trader is identified to the Commodities Futures Trading Commission, the trader is classified either as "commercial" or "non-commercial. Non-reportable Positions The long and short open interest shown as "Non-reportable Positions" are derived by subtracting total long and short "Reportable Positions" from the total open interest. 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. Number of Traders To determine the total number of reportable traders in a market, a trader is counted only once regardless whether 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. Therefore, the sum of the numbers of traders in each category will often exceed the "Total" number of traders in that market.

Chapter 6 : Minis Provide Low-Cost Entry To Futures Market

Forex For Small Speculators 1 Introduction Part One Thank you very much for reading this installment of the Small SpeculatorsTM calendrierdelascience.com the first book, Futures For Small.

Chapter 7 : Readers Radio Network- Nanocasting

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The small speculators are a bit harder to track in the equity futures space, because of the emini and large S&P and Nasdaq futures contracts, but there is a small long in combined S&P futures positions and a small short in combined Nasdaq futures positions, so no extremes as of August

Chapter 8 : Small Speculators | Phil's Stock World

The Commodity Futures Trading Commission (CFTC)'s Commitments of Traders (COT) data are examined for crude oil, unleaded gasoline, heating oil, and natural gas futures contracts.

Chapter 9 : COT Silver Report - August 31, | calendrierdelascience.com

A speculator, on the other hand, may use all their portfolio capital to buy five stocks, or several futures contracts, expecting them to rise over the next few days, weeks, or months.