WHAT IS COMMODITIES TRADING

- **Commodities are essential raw materials that are used to produce goods and services.**
- **Commodities trading is the buying and selling of these raw materials on the futures markets.**

WHY IS COMMODITY FUTURES TRADING IMPORTANT?

- **Commodities trading helps to ensure that these raw materials are available at a fair price.**
- **It also helps to manage risk for businesses and consumers.**
- **Some businesses would be economically unfeasible without the hedging power of commodity futures**

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WHAT MAKES COMMODITIES TRADING UNIQUE?

- **Commodities trading is based on the future delivery of a physical asset.**
- **This means that there is a risk of price volatility due to changes in supply and demand, or other factors such as weather or political events.**
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WHAT IS COT DATA?

- COT data is a weekly report that tracks the positions of large traders in futures markets.
- The report is released by the Commodity Futures Trading Commission (CFTC) and provides information on the open interest, or the number of contracts that are currently outstanding, for each commodity.

HOW TO USE COT DATA TO MAKE INFORMED DECISIONS

- **Identify trends in market sentiment**
- **Assess the potential for future price movements**

WHAT ARE EXPIRATION DATES?

- Expiration dates are the dates on which futures contracts expire.
- When a futures contract expires, the buyer and seller must either deliver the underlying asset or settle the contract in cash.

HOW EXPIRATION DATES CAN INFLUENCE PRICE MOVEMENTS

- Traders may try to close out their positions before the contract expires
- This can lead to increased volatility in the market

WHAT ARE CONTANGO AND BACKWARDATION?

- Contango is a market condition in which the price of a futures contract is higher than the spot price.
- Backwardation is a market condition in which the price of a futures contract is lower than the spot price.

HOW CONTANGO AND BACKWARDATION CAN PRESENT UNIQUE OPPORTUNITIES FOR TRADERS

- Traders can take advantage of the price differential between the futures contract and the spot price
- This can be a profitable strategy if the market moves in the expected direction

HOW SUPPLY AND DEMAND AFFECTS COMMODITIES

- The constant push and pull of supply and demand is one of the most important factors that affects commodities prices.
- Changes in supply or demand can have a significant impact on prices

HOW DIFFERENT TYPES OF DATA CAN HAVE UNFORESEEN IMPACTS ON THE MARKET

- Weather patterns, political events, and other factors can also have an impact on commodities prices

THE RELATIONSHIP BETWEEN COMMODITIES AND THE US DOLLAR

- The value of the US dollar has a significant impact on commodities prices.
- When the US dollar is strong, commodities prices tend to fall
- When the US dollar is weak, commodities prices tend to rise

WHAT IS 'TRUE' SUPPLY AND DEMAND?

- **True' supply and demand is a concept that differs from the typical supply and demand theory.**
- **It takes into account factors such as storage costs, convenience yield, and other factors that can distort the market**

HOW 'TRUE' SUPPLY AND DEMAND SHAPES THE COMMODITIES MARKET

- **'True' supply and demand is a key factor that determines the long-term trend of commodities prices**

WHAT ARE HEDGERS AND SPECULATORS?

- Hedgers are traders who use commodities to protect themselves against future price fluctuations.
- Speculators are traders who take positions in commodities in the hope of making a profit.

HOW HEDGERS AND SPECULATORS IMPACT THE COMMODITIES MARKET

- Hedgers and speculators play different roles in the commodities market
- Their strategies can have a significant impact on prices