

## USD sentiment remains weak

24 February 2026

The aggregate USD net short position widened by USD6.7bn in the most recent CFTC report, with the total net short position widening to USD86.5bn. As a result, the value of USD net shorts took out their July 2023 level. The next key threshold for USD net shorts USD100bn from early 2021.

It is rather interesting that while the total USD net short position is quite wide, the USD index has lingered near its post-Liberation Day lows though this is well above its early 2021 lows. We plot the USD index on the last page. Note the performance of USD during the first half of 2025. USD fell partly in response to the tariffs imposed on China, Mexico and Canada, and then after the Liberation Day tariffpalooza.

Since then, however, USD has been trading water. As a result, USD's 50-dma and 200-dma are pretty much right on top of one another.

Focusing again on USD net positions, note that the three month change in the value of USD net shorts is USD81.2bn. With the total net short position at USD86.5bn, this means that USD net shorts have accumulated significantly over the past few months.

Curiously, this means that the build up of the USD net short position even though USD itself has been essentially flat.

That said, the evolution of USD net positions has been quite interesting since the start of 2025. Coming into the year, markets were net long (speculators, real money and hedge funds). However, sentiment soon turned more cautious as the US began to place tariffs on its closet trading partners. Sentiment turned even more bearish after Liberation Day.

Negative sentiment eased as the Trump Administration's tariff policy became erratic, and as the US economy proved resilient to the spike in trade policy uncertainty. Through the last few months, bearish sentiment has returned.

There have been some interesting developments over this time period. First, real money accounts have been persistently net short USD since early 2025, and those positions are currently at multi-year highs. Meantime, speculators have had quite the ride. From very long USD in early 2025, to

quite short USD in the wake of Liberation Day announcements, back to net long in November 2025, and now very net short once again. What is interesting is that speculative net shorts now exceed those observed after Liberation Day, and this does not reflect any uncertainty after the Supreme Court's decision to invalidate the IEEPA tariffs.

### **CAD net positions**

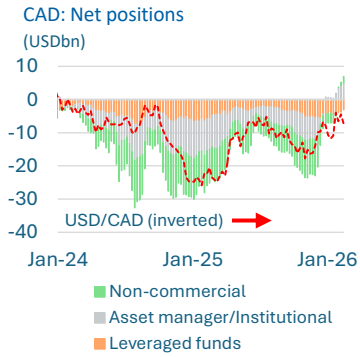
CAD positions have been net long for the past two weeks. The net long position of USD3.8bn is the largest since mid-August 2022. Real money and speculative accounts have moved from net short to net long.

Speculative CAD positions have swung from net short 150,000 contracts to now being net long. This unfolded as short CAD positions have been cut in half, while long positions have increased markedly. Hence, a strong CAD bearish conviction in the market is evolving to a more positive stance. Note that that this does, not yet, reflect a bullish CAD stance. Nonetheless, CAD sentiment has definitively shifted.

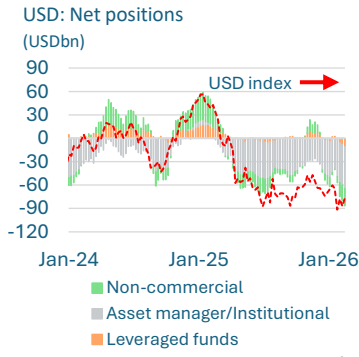
The moves in CAD positioning are similar to, but not as aggressive as those for AUD. AUD positions had been net short into late 2025, but they have now shifted to significantly net long. In no small part due to the RBA raising its policy rate. Hence, as there is still an active debate on how many times the Fed might cut its policy rate, we are looking at other central banks that are starting to, or moving toward rate hikes.

### **No shift in CHF sentiment**

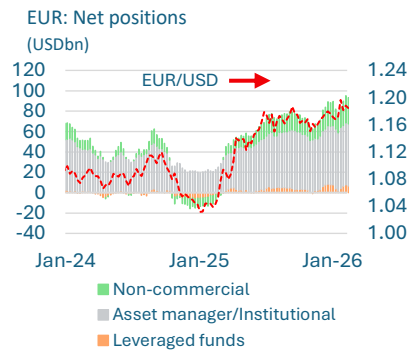
Not all currencies are experiencing dramatic shifts in sentiment. In particular, CHF net shorts remain extremely short, even though CHF has been on quite a run, moving to its lowest levels since August 2011 in the wake of the downgrade of the US credit rating.



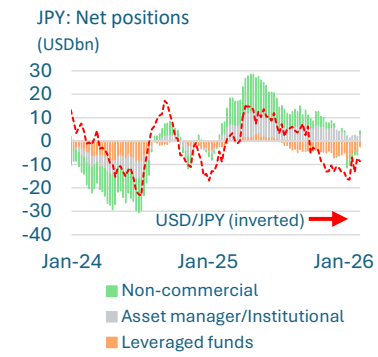
Source: CFTC



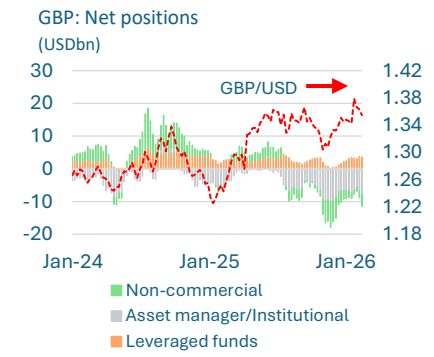
Source: CFTC, Watt Strategic Economic Advisors



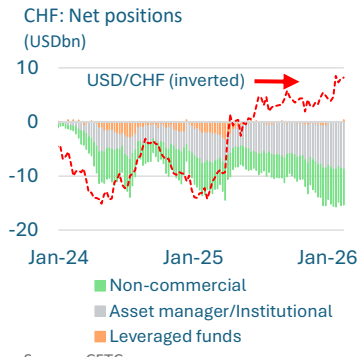
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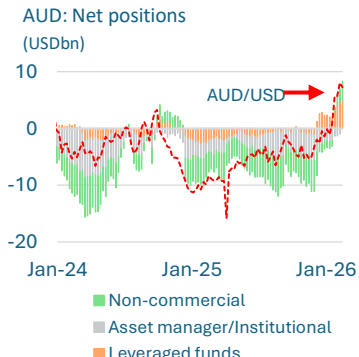
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Source: CFTC



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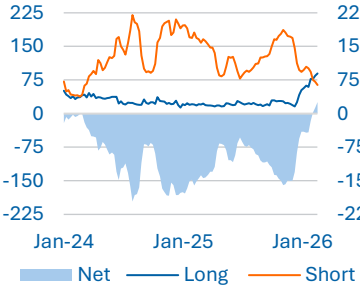
	Net positions (USDbn)				Weekly change (USD, 000s)						
	Speculative	Real money	Hedge funds	Total	Speculative	Real money	Hedge funds	Total	4 Wk	3 M	
CAD	1,885.8	5,006.5	-3,069.3	3,823.0	<i>Net Long</i>	908.0	816.0	687.6	2,411.6	10,625.8	26,388.7
EUR	25,786.2	61,142.3	6,436.1	93,364.6	<i>Net Long</i>	-943.0	282.1	-1,006.4	-1,667.3	18,309.7	26,925.4
GBP	-3,589.7	-7,918.8	3,586.4	-7,922.0	<i>Net Short</i>	-1,390.4	-1,221.4	-118.3	-2,730.1	-2,240.6	9,932.0
AUD	3,248.3	124.5	4,968.9	8,341.7	<i>Net Long</i>	887.7	1,113.7	355.3	2,356.7	9,563.9	19,448.1
NZD	-2,098.5	-1,567.4	-747.1	-4,412.9	<i>Net Short</i>	10.3	197.3	-95.8	111.8	1,836.1	2,140.1
CHF	-6,624.5	-8,729.4	397.8	-14,956.1	<i>Net Short</i>	213.5	-222.9	527.3	517.9	616.4	-2,446.3
JPY	-2,744.0	3,285.0	-2,375.6	-1,834.6	<i>Net Short</i>	2,604.2	1,208.8	2,007.4	5,820.5	10,794.5	-1,479.9
MXN	2,444.4	2,498.1	1,325.0	6,267.5	<i>Net Long</i>	-27.9	-38.0	-9.7	-75.5	-876.1	278.0
USD	-22,101.7	-53,840.8	-10,522.2	-86,464.8	<i>Net Short</i>	-2,262.4	-2,135.6	-2,347.5	-6,745.4	-48,629.9	-81,186.0

A negative reading implies a net short position in that currency. A positive a net long in that currency.

A negative reading implies a decline in net longs (increase in net short positions). A positive reading implies an increase in net longs or a decrease in net shorts

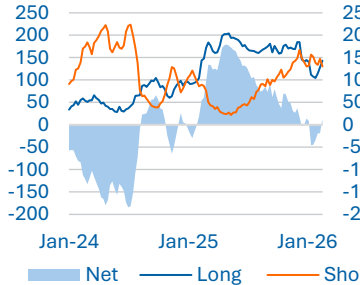
## Speculative positions

CAD: Speculative positions (contracts, 000s)



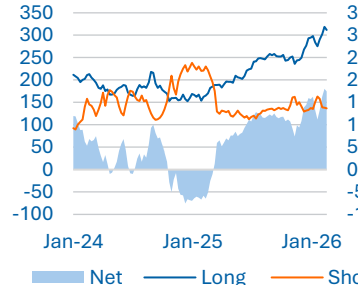
Source: CFTC, Watt Strategic Economic Advisors

JPY: Speculative positions (contracts, 000s)



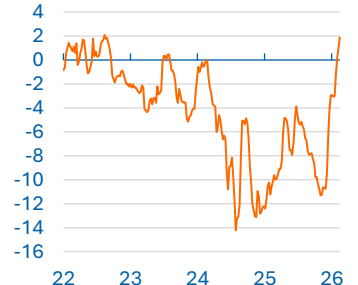
Source: CFTC, Watt Strategic Economic Advisors

EUR: Speculative positions (contracts, 000s)



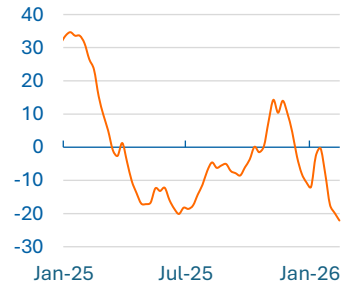
Source: CFTC, Watt Strategic Economic Advisors

CAD: Non-commercial net positions (USDbn)



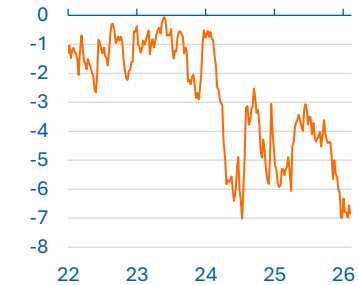
Source: CFTC, Watt Strategic Economic Advisors

USD: Non-commercial net positions (USDbn)



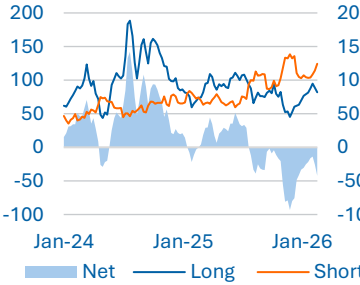
Source: CFTC, Watt Strategic Economic Advisors

CHF: Non-commercial net positions (USDbn)



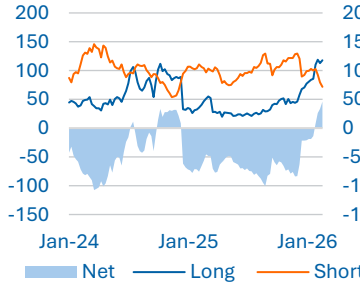
Source: CFTC, Watt Strategic Economic Advisors

GBP: Speculative positions (contracts, 000s)



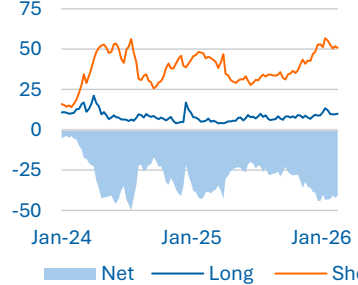
Source: CFTC, Watt Strategic Economic Advisors

AUD: Speculative positions (contracts, 000s)



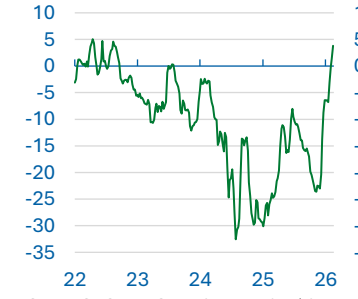
Source: CFTC, Watt Strategic Economic Advisors

CHF: Speculative positions (contracts, 000s)



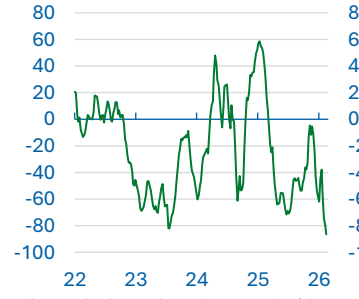
Source: CFTC, Watt Strategic Economic Advisors

CAD: Total net positions (USDbn)



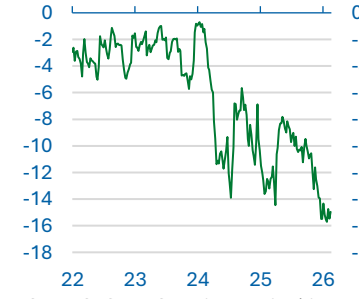
Source: CFTC, Watt Strategic Economic Advisors

USD: Aggregate net positions (USDbn)



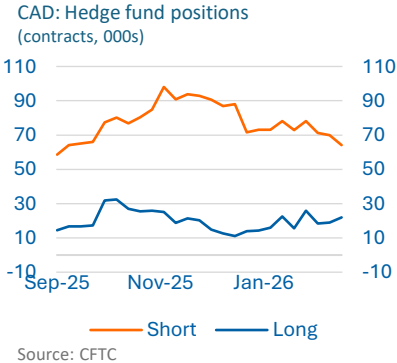
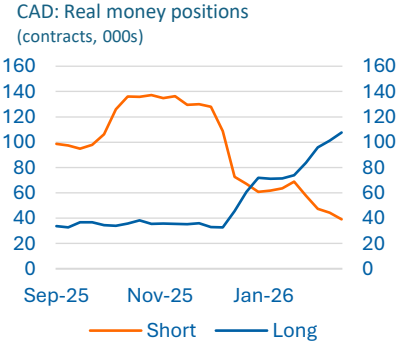
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CHF: Total net positions (USDbn)

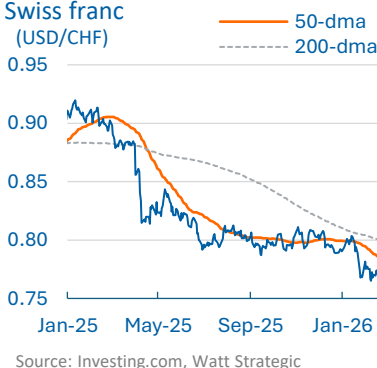
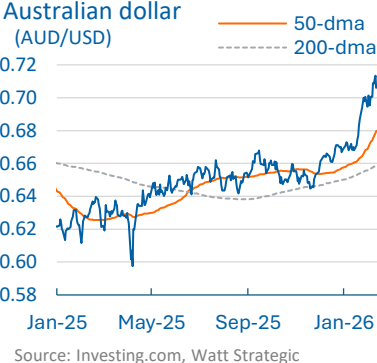
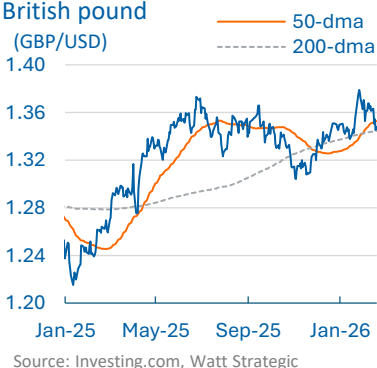
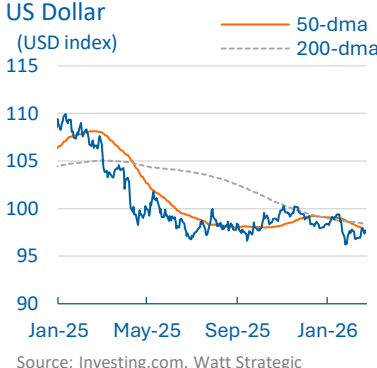
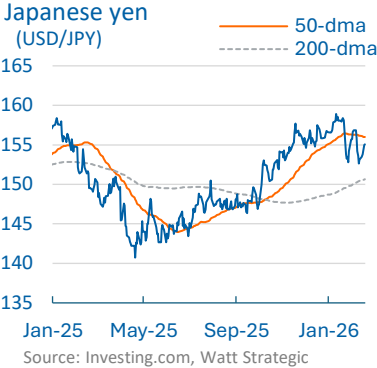
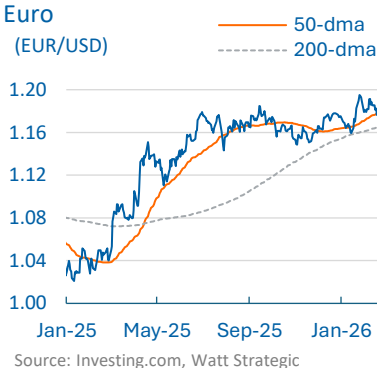
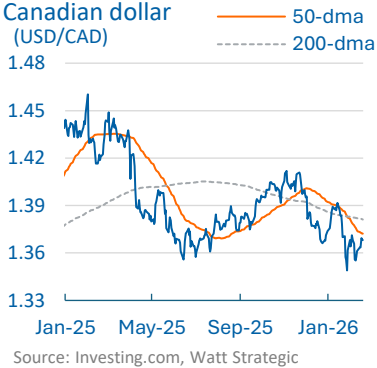


Source: CFTC, Watt Strategic Economic Advisors

## Real money and hedge fund positions



## Currencies



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