CFTC Silver Positioning Year-On-Year As A Contrarian Signal

Why sign-flipped CFTC silver positioning year-on-year z-score captures contrarian-bullish silver setups with 447 basis-point state-conditional edge.

David Stendahl · Market Lab Analytics · November 6, 2026

What this signal is

Silver positioning swings on 1-to-2-year cycles. When CFTC-reported silver positioning collapses year-on-year, speculator capacity to force further declines is largely exhausted. Mean-reversion rallies typically follow.

This signal reads weekly CFTC silver commercials-and-speculator positioning, computes year-on-year z-score, sign-flips for contrarian polarity, and bounds through tanh. A composite near plus one is positioning washed-out (contrarian-bullish setup). A composite near minus one is positioning extended.

Across 18 years Phase +1 washed-out positioning state has delivered plus 4.49 percent mean SLV forward 60-day return versus Phase –1 extended plus 0.02 percent. The 447-basis-point spread is the largest state-conditional edge in the silver TruthSayer-B queue.

On July 20, 2017 the composite reached its series maximum plus 0.996 during a washed-out positioning window. On October 4, 2012 the composite reached its series minimum minus 0.998 during peak-extended positioning.

Today the composite reads near plus 0.39, in moderate washed-out territory.

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How the inputs compose

CFTC publishes weekly Commitments of Traders data every Friday. The engine reads silver net positioning, computes year-on-year z-score against trailing baseline, sign-flips for contrarian polarity, and bounds through tanh with scale 1.5.

The engine also computes four confirming features: five-day velocity, 60-day volatility regime, 60-day correlation with silver returns, 63-day lag-1 autocorrelation.

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What the state-conditional returns have actually done

The SLV forward-60-day return baseline (unconditional) is mean plus 2.85 percent.

> **Reference baseline (4,600 silver-aligned forward-60-day windows from April 2008 through November 2026)**
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> SLV forward-60-day return baseline: mean plus 2.85 percent, median plus 1.64 percent. Standard deviation 8.76 percent. Phase 0 source: Z2444 engine parquet joined with NYSE Arca SLV closes.

Washed-out positioning (Phase +1), 2,097 trading days, delivered mean plus 4.49 percent.

Normal (Phase 0), 752 trading days, delivered mean plus 5.23 percent.

Extended positioning (Phase −1), 1,811 trading days, delivered mean plus 0.02 percent.

The 447-basis-point spread between phases is reliable across 18 years.

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Three cases that frame how to read the signal

Case 1: July 2017 washed-out positioning series maximum

On July 20, 2017 the composite reached plus 0.996 as positioning collapsed YoY. Silver subsequently rallied modestly.

Case 2: October 2012 extended positioning series minimum

On October 4, 2012 the composite reached minus 0.998 as positioning extended sharply YoY. Silver underperformed through the 2013 taper tantrum.

Case 3: March 2020 COVID washed-out

During the COVID crash positioning collapsed and the composite entered deep washed-out territory. Silver rallied from 12 to 30 dollars over the following year.

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How to use the signal today

This is a contrarian positioning filter on a 60-day forward horizon.

Three best uses. First, as a washed-out setup detector. Second, as a cross-check against cross-metal ratio signals. Third, as a complacency warning when positioning is extended.

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Methodology notes

Tanh of sign-flipped year-on-year z-score of weekly CFTC silver net positioning. Spearman IC +0.17 across 4,600 trading days.

The 2008 start reflects consistent CFTC silver positioning coverage.

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What this signal does not cover

Four caveats. Weekly CFTC release cadence. Washed-out positioning doesn't guarantee reversal in strong downtrends. Pair with cross-metal and macro signals. 447 bp edge is state-conditional not daily IC.

Not investment advice. Signal readings and empirical statistics are derived from publicly available data (CFTC Commitments of Traders weekly releases; NYSE Arca SLV daily closes). (c) 2026 David Stendahl.