

Long/short ratios: why every reading covers only part of the market

Every futures contract has a buyer and a seller, so a long/short ratio always describes a chosen group of traders or accounts, never the whole market.

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1. How to read it / Where it misleads

A long/short ratio compares the traders betting on a price rise with those betting on a fall in a derivatives market such as bitcoin futures. Exchanges and data sites publish it as a quick read on crowd positioning, and traders often cite it when arguing that a market is crowded on one side.

The ratio has a built-in limit. Every futures contract has a buyer and a seller, so the CFTC, the US futures regulator, notes that total long open interest always equals total short open interest (source 1). Open interest is the number of contracts still outstanding. Any ratio that is not exactly one must therefore count only a subset, such as one trader group or one exchange's customers, or count accounts instead of contracts.

Other limits follow. Each crypto exchange reports only its own customers and leaves out other venues, over-the-counter trades and spot hedges. Where a venue limits a ratio to a subset of traders, it chooses the cut-off itself. The figures are the venue's own, and Le Coin found no independent check of them. A long position may be one leg of a hedge rather than a bet on price.

This explains how a metric is calculated. It is not a signal, forecast or recommendation, and past readings do not predict prices. Le Coin does not publish live readings of this metric.

2. The formula

There are two common versions, and they can give different answers for the same market.

Account ratio = (share of accounts holding long positions) / (share of accounts holding short positions)

Position ratio for a group = (total long positions held by the group) / (total short positions held by the group)

Le Coin built this version from group long and short totals like those the CFTC reports (source 1); the CFTC does not publish it as a ratio.

The CFTC takes a third approach. Its Commitments of Traders report splits positions into groups such as commercial, non-commercial and nonreportable traders, and shows each group's longs and shorts (source 1). A group's net position is its longs minus its shorts.

3. Example data

The figures below are invented to show the arithmetic. An imaginary exchange has 10 accounts with open positions.

Accounts	Side	Contracts each	Total contracts
8	Long	1	8
2	Short	4	8

Total longs equal total shorts at 8 contracts. The account ratio is $0.8 / 0.2 = 4.0$, because four times as many accounts are long as short. The position ratio across all accounts is $8 / 8 = 1.0$. The same market produces two different readings depending on what is counted.

4. Who publishes it and how definitions differ

The CFTC publishes the Commitments of Traders report for US futures markets. Its explanatory notes describe the trader categories and say that the non-commercial spreading figure is the matched part of a trader's longs and shorts (source 1).

Bybit, a crypto exchange, publishes an account ratio. Its API documentation divides the number of holders with long positions by the total number of holders, does the same for short positions, and divides the first share by the second (source 2). Every account counts once, whatever its size.

In Le Coin's view, the CFTC and Bybit figures answer different questions. The CFTC shows contracts held by each trader group, while Bybit's ratio shows how many accounts lean each way. As the Example data shows, a few large shorts against many small longs can push an account ratio well above one while the contract count is even.

5. Where the measure comes from

No originator of the long/short ratio could be identified. The crypto versions are metrics each exchange defines for itself.

6. What it means

In Le Coin's view, a long/short ratio is best read as a description of one group on one venue, not of the market as a whole. Before comparing two readings, check whether each counts accounts or contracts, which traders it covers and which exchange it comes from.

Sources

- 1 CFTC, Commitments of Traders, Explanatory Notes, <https://www.cftc.gov/MarketReports/CommitmentsofTraders/ExplanatoryNotes/index.htm>, accessed 2026-10-16, 10:54 p.m. ET.
- 2 Bybit API docs, Get Long Short Ratio, <https://bybit-exchange.github.io/docs/v5/market/long-short-ratio>, accessed 2026-10-16, 10:54 p.m. ET.

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