The FC Light Placement Pace Signal, Grade A Directional Read with the Widest Spread in the FC Library

Why USDA NASS Cattle on Feed light-weight placements, z-scored on 5 years, is the strongest-IC directional signal in the FC library after the US Herd Inventory anchor – daily IC minus 0.219 at p-under-1e-97, non-overlap minus 0.269 at p-equals-0.0009 both independently significant.

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The signal and why it matters today

USDA NASS Cattle on Feed reports monthly placements of feeder cattle into feedlots by weight class. The lightest classes – under 600 pounds plus 600 to 699 pounds combined – represent young feeders entering feedlots. This signal reads the monthly light-weight placement pace as a flow measure of feedlot absorption of young cattle.

The empirical mechanism: when light placements run HIGH, feedlots have already pulled feeder supply forward into pen capacity, reducing residual feeder demand over the next 60 days. When light placements run LOW, feedlots are quiet, feeder supply backs up in the system, and the next cycle of placements must come from a market where supply has firmed.

Daily Spearman IC against FC fwd60d is minus 0.219 at p-value less than 1e-97 across 8,989 trading days – the strongest IC in the FC library after the US Herd Inventory anchor. Non-overlapping (every-60-day) IC is minus 0.269 at p-value 0.0009 across 150 independent samples – INDEPENDENTLY SIGNIFICANT.

Phase –1 (Low Placements) delivers plus 4.01 percent fwd60d at 66 percent hit rate, plus 2.81 pp above the plus 1.20 percent baseline. Phase +1 (High Placements) delivers minus 1.09 percent at 46 percent hit rate, minus 2.30 pp below baseline. Phase 0 (Normal) delivers plus 0.06 percent (near baseline). 6.31 pp directional spread between tails – the widest in the FC library.

This signal reads NASS Cattle on Feed weight-class data, z-scores on a 5-year rolling window, and bounds with tanh. State thresholds plus or minus 0.2 (moderate) and plus or minus 0.5 (extreme). Monthly release.

Current reading: Normal regime at composite minus 0.181, 43 trading days running. NASS lightweight placements are tracking the 5-year baseline. The signal is DORMANT. Watch for transition to Phase –1 (strongly bullish FC) or Phase +1 (strongly bearish FC) for an actionable high-conviction read.

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How the placement pace mechanism composes

Cattle on Feed placements by weight class is a monthly NASS release showing how many feeders feedlots pulled off pasture or from auction markets into pen capacity. The lightest classes – under 600 lbs and 600 to 699 lbs – represent young cattle that will remain in the feedlot through most of the 150 to 200 day feeding cycle.

High Light Placements (positive composite, Phase +1) means feedlots are aggressively pulling young feeders into pen capacity. This regime historically coincides with:

- Rebuild windows where feedlots fill up ahead of expected finished-cattle demand
- Favorable feedlot-margin windows (low corn, firm finished-cattle prices)
- Short-cycle feeder availability pulling placements forward

Historical pattern: Phase +1 delivers minus 2.30 pp below baseline, 46 percent hit rate. The forward 60-day FC return softens because feedlot absorption has pulled feeder demand forward.

Low Light Placements (negative composite, Phase –1) means feedlots are quiet, pulling fewer young feeders than the 5-year baseline. This regime historically coincides with:

- Cycle-trough windows where feeder supply is tight at any price
- Compressed feedlot-margin windows (high corn, soft finished-cattle prices)
- Post-liquidation periods where young-cattle populations are reduced

Historical pattern: Phase –1 delivers plus 2.81 pp above baseline, 66 percent hit rate. The forward 60-day FC return firms because feeder supply backs up in the system and must firm to clear.

Normal regime (Phase 0) is the equilibrium zone where placement pace tracks the 5-year rolling average. Historical pattern: near baseline (plus 0.06 percent fwd60d).

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What the state-conditional returns have actually done

> **Reference baseline – FC fwd60d (unconditional)**
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> CME Feeder Cattle back-adjusted continuous (FC_110ARD) forward-60-day return baseline (unconditional): mean plus 1.20 percent, median plus 1.60 percent, standard deviation 7.8 percent, percent negative 42 percent. Sample window 1990-11-29 through 2026-10-30, 8,989 trading days with observable fwd60d.

Per-day sampling (used for daily Spearman IC):

Phase minus 1 (Low Placements, composite less than minus 0.3) covers 3,116 trading days – 34.7 percent of the sample. Per-day mean fwd60d is plus 4.01 percent, hit rate 66 percent. OUTPERFORMS baseline by plus 2.81 pp.

Phase 0 (Normal) covers 4,102 trading days – 45.6 percent of the sample. Per-day mean fwd60d is plus 0.06 percent, hit rate 50 percent. Near baseline (minus 1.14 pp).

Phase plus 1 (High Placements, composite greater than plus 0.3) covers 1,771 trading days – 19.7 percent of the sample. Per-day mean fwd60d is minus 1.09 percent, hit rate 46 percent. UNDERPERFORMS baseline by minus 2.30 pp.

Clean asymmetric directional pattern: Phase –1 strongly bullish, Phase +1 strongly bearish, Phase 0 near-neutral. 6.31 pp per-day directional spread between tails.

Run-entry sampling (used for the live-page regime table and the non-overlap independence test) shows the same directional ordering with a tighter spread – Phase –1 run-entry mean approximately plus 1.01 percent, Phase +1 run-entry mean approximately minus 0.57 percent. The per-day/run-entry gap reflects accumulation of forward return within persistent runs. See the methodology note.

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Three cases that frame how to read this signal

Case 1: April 1996. Low Placements – 1996 cycle-trough tight placements.

Context: 1990s liquidation left few young feeders available. NASS light-weight placements had collapsed through 1995 and bottomed in Q2 1996 at composite near minus 0.90. Feedlots were quiet. Feeder cattle were at approximately 47 dollars. Forward FC rallied strongly as tight placements set up tight forward feeder supply. Canonical Low Placements bullish-FC anchor and the deepest-saturation Phase –1 reading in the modern sample.

Case 2: March 2017. Low Placements – 2017 Q1 tight pipeline.

Firing date: March 15, 2017 at composite near minus 0.75. Context: Post-2015-liquidation tight pipeline persisted. Feedlots continued running below trend. Feeder cattle were at approximately 124 dollars. Forward FC rallied as the quiet placement pace resolved into firm cash demand. Non-crisis Low Placements anchor documenting the same mechanism without the confounds of the 1996 trough era.

Case 3: July 2023. High Placements – 2023 Q3 feedlot absorption surge.

Firing date: Q3 2023 at composite near plus 0.85. Context: Feedlots pulled young feeders aggressively as the post-drought rebuild window drew cattle off pasture into feedlot capacity. Feeder cattle were near 240 dollars. Forward FC softened as feedlot absorption left thin residual feeder demand. Canonical High Placements bearish-FC anchor.

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How to use the signal today

As of November 1, 2026, the composite reads minus 0.181 – Normal firing, 43 trading days running. NASS light-weight placements are tracking the 5-year baseline. CME Feeder Cattle trades the 330 to 340 dollar range.

The signal is DORMANT in the Normal band. Normal regime delivers minus 1.14 pp below baseline historically. Watch for transition to Phase –1 (Low Placements, strongly bullish, plus 2.81 pp above baseline) or Phase +1 (High Placements, strongly bearish, minus 2.30 pp below baseline) for an actionable high-conviction read.

Pair with four confirming reads for direction:

- **FC US Herd Inventory Signal (Z6637)**. Strongest-IC structural supply anchor. Semi-annual cadence covers the longest-lead supply.
- **FC Term Structure Curve Signal (Z3302)**. Market consensus on forward FC supply. Grade A with independent-sample confirmation.
- **FC LC/FC Ratio Signal (Z6634)**. Finished vs feeder relative pricing.
- **LC-Corn Ratio Signal (Z15201)**. Grade A LC fundamental anchor (feedlot producer margin).

Light placement pace is a MONTHLY FLOW signal covering a 60-day horizon. When placement pace aligns with structural herd inventory and feedlot margin, direction is high-conviction. In the current Normal regime, direction is unclear.

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Methodology notes

Data source. USDA NASS Cattle on Feed Weight Class Monthly series, light-weight placements aggregated as (under 600 pounds + 600 to 699 pounds) per month.

Signal construction. Composite = aggregated light-weight placements, z-scored on 5-year (1,260-day) rolling window with 252-day minimum sample. Clipped to [−3, +3] standard deviations. Tanh-bounded to [−1, +1]. State thresholds plus or minus 0.2 (moderate) and plus or minus 0.5 (extreme). Phase +1 at composite above +0.3, phase −1 below −0.3. Target: CME Feeder Cattle back-adjusted continuous (FC_110ARD).

Validation statistics. Daily Spearman IC against FC fwd60d is minus 0.219 at p-value less than 1e-97 across 8,989 observations – strongest IC in the FC library after the US Herd Inventory anchor. Phase −1 per-day mean fwd60d plus 4.01 percent (plus 2.81 pp above plus 1.20 percent baseline, hit 66 percent). Phase 0 mean plus 0.06 percent (near baseline, minus 1.14 pp). Phase +1 per-day mean minus 1.09 percent (minus 2.30 pp below baseline, hit 46 percent). 6.31 pp per-day directional spread.

Independence test. Non-overlapping (every-60d) sampling yields Spearman IC minus 0.269 at p-value 0.0009 across 150 independent observations – INDEPENDENTLY SIGNIFICANT. The run-entry regime table on the live page shows the same directional ordering with a tighter spread (Phase −1 run-entry mean approximately plus 1.01 percent, Phase +1 run-entry mean approximately minus 0.57 percent) because run-entry sampling catches the inflection moment rather than the accumulated within-run return.

Truth-inverse polarity. The engine declares positive composite = bullish FC a-priori (based on the economic read that heavy placements indicate strong young-feeder demand). Empirical validation shows the OPPOSITE direction: positive composite = bearish FC fwd60d. Dual-sampling confirmation (daily IC AND non-overlap IC both significant, same negative sign) establishes the Grade A property. Read the empirical direction.

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What this signal does not cover

First, monthly NASS release cadence means slow signal updates. Composite can be stale between monthly reports. The signal updates once per month at the NASS Cattle on Feed release.

Second, Normal regime (45.6 percent of sample) is dormant – the signal only fires actionable reads at Phase −1 or Phase +1. The current reading is in the dormant zone.

Third, engine polarity is TRUTH-INVERSE to the a-priori economic declaration. Traders reading the engine metadata without checking empirical direction will take direction wrong. Read empirical direction only.

Broader caveat: Grade A directional signal with the widest directional spread in the FC library and independent-sample confirmation. The signal provides a high-conviction tactical lean on FC positioning when Phase −1 or Phase +1 fires. Pair with FC US Herd Inventory, FC Term Structure Curve, LC-Corn Ratio, and the LC fundamental stack for stacked confirmation on direction and conviction.

This research brief is for informational purposes only and does not constitute investment advice. Past performance is not indicative of future results. Signal reads reflect historical state-conditional statistics; any decision to act on signal readings is the reader's responsibility. Data sources: USDA NASS Cattle on Feed Weight Class Monthly (light-weight placements under 600 pounds plus 600 to 699 pounds); CME Feeder Cattle back-adjusted continuous (FC_110ARD). State-conditional statistics computed through 2026-10-30.