The Marketings Signal, Grade A Pipeline-Flow Overlay on Live Cattle

Why USDA NASS cattle marketings YoY captures the finishing-end flow of the cattle supply pipeline – daily IC –0.112 AND non-overlap IC –0.249 at p=0.002 both significant, with empirical polarity INVERTING the engine thesis.

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What this signal is, with the limits stated upfront

USDA NASS tracks monthly cattle MARKETINGS – the count of cattle leaving feedlots for slaughter in the prior month. Marketings capture the finishing-end flow of the cattle supply pipeline. Placements measure cattle entering feedlots; marketings measure cattle leaving.

The year-over-year change in marketings tells you how fast the pipeline is clearing relative to a year ago. Slow marketings = pipeline backup. Fast marketings = active flow.

This signal reads NASS marketings YoY, sign-flips so slow marketings read positive composite, z-scores on a 504-day rolling window with 60-day minimum sample, and bounds with tanh. State thresholds at plus or minus 0.2 (moderate) and plus or minus 0.5 (extreme). Monthly USDA release.

Here is the memorable finding. The engine inverts marketings YoY under the a-priori thesis that "slow marketings = tight supply = bullish-LC." The empirical pattern INVERTS this thesis. Slow Marketings (positive composite) historically delivers BEARISH LC forward via pipeline-backup signaling demand softening. Fast Marketings (negative composite) historically delivers BULLISH LC forward via active pipeline flow coinciding with firm demand pull. The empirical dominates.

Daily Spearman IC against LC fwd60d is minus 0.112 at p-value less than 1e-26 across 9,049 trading days. Non-overlapping (every-60-day) IC is minus 0.249 at p-value 0.002 across 150 independent samples – INDEPENDENTLY SIGNIFICANT. Phase +1 (Slow Marketings) delivers +0.19 percent fwd60d at 53 percent hit rate, –0.83 pp below the +1.02 percent baseline. Phase –1 (Fast Marketings) delivers +2.56 percent fwd60d at 67 percent hit rate, +1.54 pp above baseline. Phase 0 (Normal) delivers +0.69 percent. 2.4+ pp directional spread.

This is a Grade A pipeline-flow signal with independent-sample significance. Among the few LC signals that clear the non-overlap test.

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How the pipeline-flow mechanism composes

Marketings measures cattle LEAVING feedlots for slaughter in the prior month. The year-over-year pace captures the rate at which the pipeline is clearing. Combined with placements (cattle ENTERING feedlots), marketings gives you the pipeline flow picture.

Fast marketings (high YoY, negative composite in this sign-flipped signal) typically coincide with firm demand – packers are pulling cattle through quickly because wholesale beef is pricing high. Cash cattle feel the firm pull. Historically bullish-LC forward.

Slow marketings (low YoY, positive composite) typically coincide with demand softening – packers slow pulls because cutout values are rolling over, or cattle are backing up at feedlots. The forward supply picture is complicated by the backlog. Historically bearish-LC forward via demand-softening transmission.

The engine's composite_direction INVERT inverts raw marketings YoY to make the sign match a "supply-tight = bullish" convention. But that convention does not match the empirical. The actual mechanism is pipeline-flow-signaling-demand, not supply-tightness-signaling-forward-supply.

This signal complements:

- **Placements (Z3264)**: pipeline ENTRY flow (4-6 month lead to slaughter).
- **Slaughter YoY (Z15207)**: realized slaughter volume (what actually hit kill floor).
- Z4726 Marketings is the finishing-end flow between the two.

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What the state-conditional returns have actually done

> **Reference baseline – LC fwd60d (unconditional)**
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> CME Live Cattle back-adjusted continuous (LC20040BD) forward-60-day return baseline (unconditional): mean plus 1.02 percent, median plus 1.74 percent, standard deviation 8.01 percent, percent negative 41.8 percent. Sample window 1990-11-29 through 2026-10-30.

Phase plus 1 (Slow Marketings, composite greater than plus 0.3) covers 2,741 trading days – 30.3 percent of the sample. Per-day mean fwd60d is plus 0.19 percent, hit rate 53 percent. Edge below baseline: minus 0.83 pp.

Phase 0 (Normal, composite between plus and minus 0.3) covers 3,986 trading days – 44.1 percent of the sample. Mean fwd60d is plus 0.69 percent. Near baseline.

Phase minus 1 (Fast Marketings, composite less than minus 0.3) covers 2,322 trading days – 25.7 percent of the sample. Per-day mean fwd60d is plus 2.56 percent, hit rate 67 percent. Edge above baseline: plus 1.54 pp.

Clean directional edge. 2.4+ pp spread between tails. Signal fires meaningfully in 56 percent of sample combined.

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Three cases that frame how to read this signal

Case 1: June 2003. Fast Marketings – pipeline sprint.

Firing date: June 30, 2003 at composite minus 0.96. Forward 60-day LC return: plus 24.79 percent (from $69.88 to $87.21).

Context: cattle marketings ran well above year-ago pace through Q2 2003 as the pipeline cleared on firm demand ahead of the pre-ASF supply pull. Live cattle were at $70. Forward LC rallied 25 percent as the firm-flow mechanics transmitted. Canonical Fast Marketings anchor.

Case 2: October 2003. Slow Marketings – pipeline backup.

Firing date: October 15, 2003 at composite plus 0.87. Forward 60-day LC return: minus 27.42 percent (from $102.93 to $74.75).

Context: marketings pace collapsed through Q4 2003 as the December BSE discovery approached. Pipeline backup compounded with the exogenous BSE shock. Live cattle fell 27 percent. The 2003 cases bracket the signal in both directions in the same calendar year.

Case 3: September 2015. Slow Marketings – cycle-peak backup.

Firing window: Q3 2015 at composite above +0.60. Marketings pace softened as the 2015 cycle-peak demand started rolling over. Forward LC softened through Q4 2015 and 2016 as the backup resolved through cash-market pressure. Modern-era Slow Marketings anchor.

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How to use the signal today

As of November 1, 2026, the composite reads plus 0.782 – Slow Marketings EXTREME POS, 50 trading days running. NASS monthly marketings are below the 2-year baseline. CME Live Cattle trades the $220-230 range.

The current reading is in the Phase +1 band (above +0.3) in the EXTREME POS sub-band (above +0.5). Historical Phase +1 delivers −0.83 pp below baseline at 53 percent hit rate – modest headwind read.

Pair with four confirming reads for direction:

- **LC-Corn Ratio Signal (Z15201)**. Grade A LC fundamental anchor.
- **LC Placements YoY (Z3264)**. Pipeline ENTRY flow (complement to this exit-flow signal).
- **LC Weekly Cattle Slaughter YoY (Z15207)**. Realized slaughter volume.
- **LC Term Structure Curve (Z3260)**. Strongest-IC directional signal.

Marketings captures the finishing-end pipeline flow. Pair with placements for the pipeline entry/exit picture, slaughter YoY for realized flow, and the LC fundamental anchors for structural supply.

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Methodology notes

Data source. USDA NASS monthly cattle marketings series.

Signal construction. Marketings YoY = (current month - year-ago month) / year-ago month. SIGN-FLIPPED so slow marketings reads positive composite. Z-score on 504-day rolling window with 60-day minimum sample. Tanh-bounded to [−1, +1]. State thresholds plus or minus 0.2 (moderate) and plus or minus 0.5 (extreme). Phase +1 above +0.3, phase −1 below −0.3.

Validation statistics. Daily Spearman IC against LC fwd60d is −0.112 at p < 1e-26 (n = 9,049). Phase +1 state-conditional per-day mean fwd60d plus 0.19 percent (-0.83 pp below baseline). Phase −1 per-day mean plus 2.56 percent (+1.54 pp above baseline).

Independence test. Non-overlapping (every-60d) sampling yields Spearman IC −0.249 at p-value 0.002 across 150 independent observations – INDEPENDENTLY SIGNIFICANT. Among the few LC signals clearing the non-overlap test.

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What this signal does not cover

First, the empirical polarity INVERTS the engine composite_direction thesis. Readers must use the empirical pattern (slow bearish, fast bullish), not the engine inversion convention.

Second, monthly cadence slows signal updates. Composite reflects month-end-ago data until next report.

Third, marketings data can be revised in subsequent monthly reports.

Broader caveat: Grade A pipeline-flow signal with independent-sample significance. Belongs alongside placements (entry flow) and slaughter YoY (realized volume) for the full pipeline picture.

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 monthly cattle marketings; CME Live Cattle back-adjusted continuous (LC20040BD). State-conditional statistics computed through 2026-10-30.