The FC NASS Placements YoY Signal, Grade B+ Truth-Inverse Directional Read

Why NASS all-weight cattle placements year-over-year z-scored on 36 months is a Grade B+ directional signal with independent-sample confirmation on CME Feeder Cattle forward returns.

David Stendahl · Market Lab Analytics · November 1, 2026

The signal and why it matters today

USDA NASS Cattle on Feed reports monthly placements of feeder cattle into feedlots across ALL weight classes combined. This signal reads the all-weight placement pace year-over-year, z-scored on a 36-month rolling window, as a feedlot-absorption flow signal for feeder cattle forward direction.

The empirical mechanism is truth-inverse to the a-priori economic read: when all-weight placements run HIGH YoY, feedlots have already pulled feeder supply forward into pen capacity, reducing residual feeder demand over the next 60 days – bearish FC. When all-weight placements run LOW YoY, feedlots are quiet, feeder supply backs up in the system, and future feeder prices firm – bullish FC.

Daily Spearman IC against FC fwd60d is minus 0.176 at p-value less than 1e-45 across 6,460 trading days. Non-overlapping (every-60-day) IC is minus 0.235 at p-value 0.014 across 108 independent samples – INDEPENDENTLY SIGNIFICANT. Both IC tests agree in negative sign.

Per-day sampling: Phase –1 (Low Placements) delivers plus 3.11 percent fwd60d at 63 percent hit rate, plus 1.50 pp above the plus 1.61 percent baseline. Phase +1 (High Placements) delivers plus 0.27 percent at 50 percent hit rate, minus 1.34 pp below baseline. Phase 0 delivers plus 0.51 percent. 2.84 pp per-day directional spread.

Current reading: Low Placements moderate-negative firing at composite minus 0.362, 127 trading days running. NASS all-weight placements are running below the 36-month baseline. Historical Phase –1 delivers plus 1.50 pp above baseline. Moderate bullish-FC lean.

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How the placement-flow mechanism composes

NASS Cattle on Feed placements by all weight classes combined measures total feedlot absorption of feeder cattle each month. Unlike the light-weight-only subset (Z3769 FC Light Placement Pace), the all-weight series captures the complete feedlot buying pattern across heifers, steers, and all weight ranges.

High Placements (positive composite, Phase +1) means feedlots are aggressively absorbing feeders across all weight classes. The a-priori economic read is that heavy placements signal strong feeder demand (bullish). The EMPIRICAL direction is truth-inverse: heavy placements pull feeder supply forward into pen capacity, depleting residual feeder demand over the next 60 days.

Historical per-day pattern: Phase +1 delivers minus 1.34 pp below baseline, 50 percent hit rate.

Low Placements (negative composite, Phase –1) means feedlots are quiet across all weight classes. The a-priori read is that light placements signal weak feeder demand (bearish). The EMPIRICAL direction is truth-inverse: light placements leave feeder supply backing up in the system, which firms forward feeder prices.

Historical per-day pattern: Phase –1 delivers plus 1.50 pp above baseline, 63 percent hit rate.

Normal regime (Phase 0) is the equilibrium zone where placements track the 36-month rolling mean. Historical pattern: near baseline.

The signal is complementary to the Light Placement Pace (Z3769) signal which reads only the under-700-lb weight class. The all-weight series captures the complete pattern; the light-weight series isolates the young-feeder subset. Both signals have the same truth-inverse polarity.

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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 over the live-signal window: mean plus 1.61 percent, median plus 1.90 percent, standard deviation 7.3 percent, percent negative 38 percent. Sample window 2000-12-04 through 2026-10-30, 6,460 trading days with observable fwd60d.

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

Phase plus 1 (High Placements, composite greater than plus 0.3) covers 2,334 trading days – 36.1 percent of the sample. Per-day mean fwd60d is plus 0.27 percent, hit rate 50 percent. UNDERPERFORMS baseline by minus 1.34 pp.

Phase 0 (Normal) covers 1,167 trading days – 18.1 percent of the sample. Per-day mean fwd60d is plus 0.51 percent, hit rate 55 percent. Below baseline (minus 1.10 pp).

Phase minus 1 (Low Placements, composite less than minus 0.3) covers 2,959 trading days – 45.8 percent of the sample. Per-day mean fwd60d is plus 3.11 percent, hit rate 63 percent. OUTPERFORMS baseline by plus 1.50 pp.

Methodology callout – per-day vs run-entry sampling. The per-day statistics shown above correspond to the daily and non-overlap IC tests. The live-page regime_table uses RUN-ENTRY sampling (one observation per state run) which shows ATTENUATED edges (approximately plus 0.10 pp per state, near zero). The per-day/run-entry divergence reflects within-run accumulation of forward returns. The per-day IC is the authoritative directional-edge measure.

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Three cases that frame how to read this signal

Case 1: Q4 2008. Low Placements – 2008 financial crisis pullback.

Context: Financial crisis compressed feedlot demand across all weight classes in Q4 2008. NASS all-weight placements collapsed, composite near minus 0.75. Feeder cattle at approximately 95 dollars. Forward FC rallied through Q1 2009 as placement pullback firmed forward feeder supply. Canonical Low Placements bullish-FC anchor.

Case 2: Q1 2016. Low Placements – 2016 cycle-unwind quiet feedlots.

Context: 2015 cycle-high feeder prices suppressed feedlot buying through Q1 2016. All-weight placements remained below trend. Composite near minus 0.60. Feeder cattle at approximately 155 dollars. Forward FC rallied through Q2 2016 as placement quiet firmed forward supply. Non-crisis Low Placements anchor.

Case 3: Q2 2024. High Placements – 2024 feedlot absorption.

Context: All-weight placements surged in Q2 2024 as feedlot margins improved. Composite near plus 0.70 (High Placements). Feeder cattle at approximately 240 dollars. Forward FC softened through Q2-Q3 2024 as feedlot absorption depleted feeder demand. Modern-era High Placements bearish-FC anchor.

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How to use the signal today

As of November 1, 2026, the composite reads minus 0.362 – Low Placements moderate-negative firing, 127 trading days running. NASS all-weight placements are running below the 36-month baseline. CME Feeder Cattle trades the 330 to 340 dollar range.

Historical Phase –1 per-day delivers plus 1.50 pp above baseline (63 percent hit rate). Moderate bullish-FC lean.

Pair with four confirming reads for direction:

- **FC US Herd Inventory Signal (Z6637)**. Strongest-IC structural supply anchor.
- **FC Light Placement Pace Signal (Z3769)**. UNDER-700-lb weight class subset – Grade A with widest spread.
- **FC Northern SNOTEL SWE Signal (Z102407)**. Water-supply signal – Grade A tied for strongest IC.
- **LC-Corn Ratio Signal (Z15201)**. Grade A LC fundamental anchor.

The all-weight and light-weight placement signals are COMPLEMENTARY. When both agree, placement-flow conviction is high. Pair with structural supply for stacked confirmation.

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Methodology notes

Data source. USDA NASS Cattle on Feed placements, all weight classes combined, monthly release.

Signal construction. Composite = NASS all-weight placements year-over-year percent change, z-scored on 36-month rolling window, clipped to [−3, +3], tanh-bounded to [−1, +1]. State thresholds plus or minus 0.2 (moderate) and plus or minus 0.6 (extreme). Phase +1 at composite above +0.3, phase −1 below −0.3. Target: CME Feeder Cattle back-adjusted continuous (FC_110ARD). Monthly NASS release cadence.

Validation statistics. Daily Spearman IC against FC fwd60d is minus 0.176 at p-value less than 1e-45 across 6,460 observations – strongly significant daily. Phase −1 (Low Placements) per-day mean fwd60d plus 3.11 percent (plus 1.50 pp above plus 1.61 percent baseline, hit 63 percent). Phase 0 mean plus 0.51 percent (near baseline, minus 1.10 pp). Phase +1 (High Placements) per-day mean plus 0.27 percent (minus 1.34 pp below baseline, hit 50 percent). 2.84 pp per-day directional spread.

Independence test. Non-overlapping (every-60d) sampling yields Spearman IC minus 0.235 at p-value 0.014 across 108 independent observations – INDEPENDENTLY SIGNIFICANT. Both IC tests agree in negative sign.

Per-day vs run-entry divergence. The live-page regime_table uses RUN-ENTRY sampling which shows attenuated edges (approximately plus 0.10 pp per state, near zero). The divergence reflects within-run accumulation of forward returns during persistent placement regimes. The per-day IC statistics are the authoritative directional-edge measure.

Truth-inverse polarity. The engine declares positive composite = bullish FC a-priori (heavy placements = strong FC demand). Empirical validation shows the OPPOSITE direction: positive = bearish FC fwd60d.

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What this signal does not cover

First, the engine polarity is TRUTH-INVERSE to the a-priori declaration. Traders reading the engine metadata without checking empirical direction will take direction wrong. The per-day IC is the authoritative directional-edge measure.

Second, 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.

Third, the all-weight series overlaps mechanically with the light-weight-only Light Placement Pace signal (Z3769). The two signals provide complementary coverage but their statistical edges partially overlap. Treat the pair as a placement-flow sub-stack, not as independent reads.

Broader caveat: Grade B+ directional all-weight-placements signal with independent-sample confirmation. The signal provides a tactical lean on FC positioning. Pair with FC US Herd Inventory, FC Light Placement Pace, FC Northern SNOTEL SWE, 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 all-weight placements monthly; CME Feeder Cattle back-adjusted continuous (FC_110ARD). State-conditional statistics computed through 2026-10-30.