MOODCOMPASS®
A GUIDE TO THE MOOD CYCLES OF NATURE AND CIVILIZATION

April 2010

Highlights: Turmoil in Iran · Tension in U.S. reaches extremes · More terrorism issues · Middle East and N. Korea escalation · Chaos in Bangkok · Noteworthy volcanic/tectonic event(s)

April 2010 – U.S. Distress, Middle East Crisis, and Other Volcanoes

Class warfare, racial slurs, and political ideologies at impasse; world stock markets climbing high while so many can't find work or make ends meet. The tension is high, so thick you can almost touch it. Something, it seems, is ready to blow.   The internal situations of several nations, including the United States, Iran, and Thailand could get fairly intense this month. A parallel in the natural world, almost a metaphor for the human experience, is tectonic pressure seeking release—and a global interest in volcanoes.

The United States shows a mood configuration for April, which if it were that of an individual, would be someone experiencing high anxiety, stress, and agitation. For U.S. society, look for the conflict of ideologies that has been polarizing the nation to escalate. The degree of tension in the U.S. may be disturbing enough that international investors seek alternatives to the U.S. Dollar and U.S. markets. There may also be a natural world parallel for the U.S., as instability shows up in a tectonic event, most likely in the Pacific Northwest.

Iran's social mood, if it were an individual, would be someone in deep emotional turmoil. For the Iranian people, this could indicate a period where loyalties are assessed, and those found to be disloyal to those in power to be harshly punished. The manic configuration in E. Asia indicates a good possibility that the situation in Thailand could degenerate into chaos. The manifestation in China may be more economic—concerns with inflation and economic bubbles.

The primary geopolitical hotspot for April is the Middle East—notably, Iran, Israel, and Syria. N. Korea could be an issue as well. As these scenarios play themselves out over the next few months, the effects on global trade, global markets, and global stability should be monitored closely. The most likely course is one of increasing volatility.

Highlights:

April 6-13: *Unrest and Terror.* Global leaders concerned with civil unrest and terrorism. U.S government in crisis mode. Something has people's attention and panic is likely. Stock markets may decline sharply. Investors bailing out of U.S. Dollars and U.S. markets. Heightened interest in volcanoes and earthquakes.

April 14-20: *Choosing Sides.* High global tension/polarization. U.S government oblivious, in delusion (or perhaps secretive). Something has people's attention and panic still possible. Stock markets could continue to decline. Heightened interest in volcanoes and earthquakes.

April 29-30: *Get them!* Strong geopolitical focus; crude prices may rise sharply. Heightened interest in volcanoes and earthquakes.
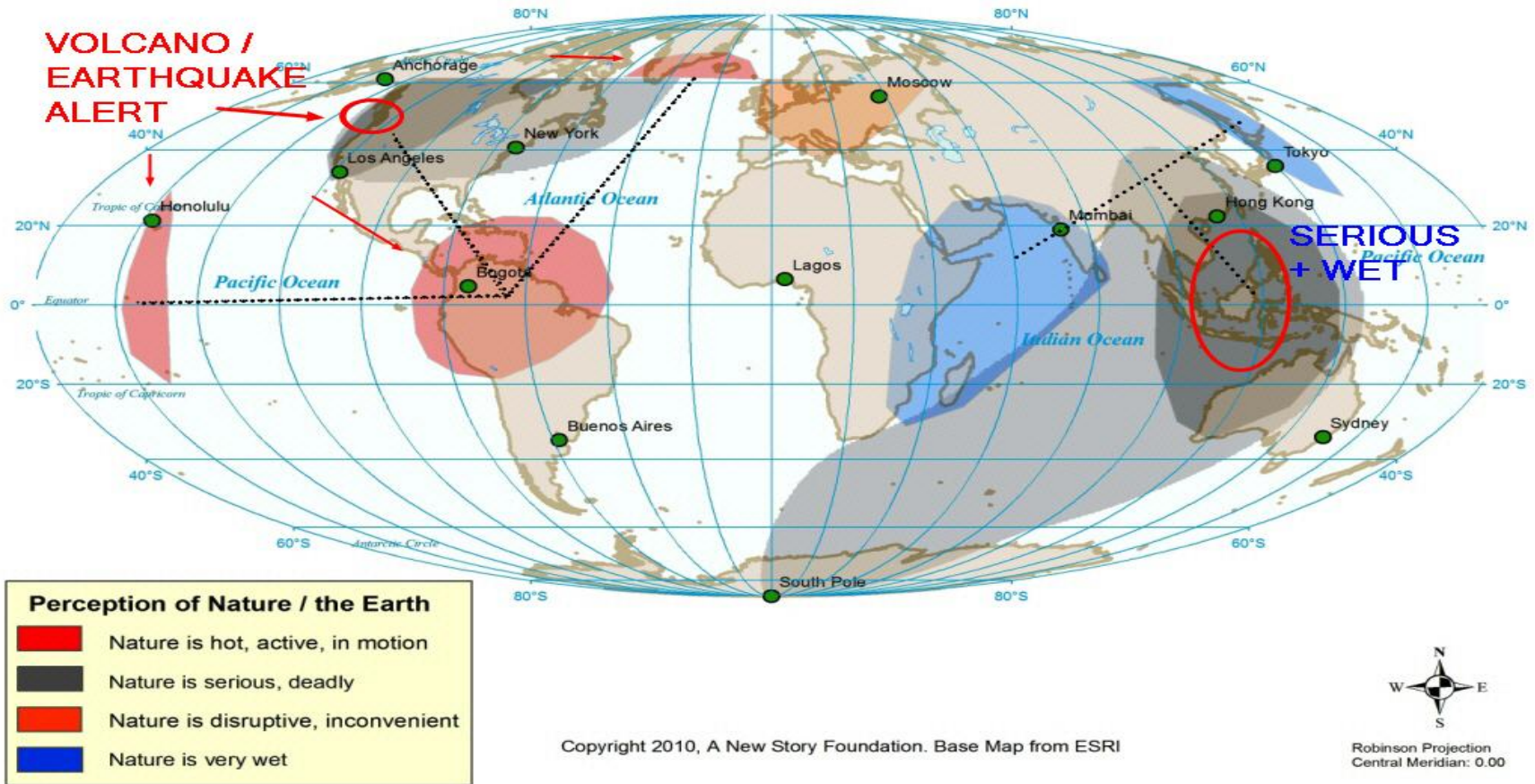

The charts on the following pages will go into further detail of the social mood changes and corresponding market behavior for this time period. The last few pages of this document will give you a brief orientation to the MoodCompass.

SUMMARY OF CHART ANALYSIS

After the data is gathered for the month and the mood cycles recalibrated, as needed, the charts on the following pages are constructed from the projected social mood and perceptions for the period covered by this issue of MoodCompass. Themes and patterns within and between charts are looked for and analyzed. The final step is to take the information in this table (below), examine it for consistency and likelihood, and construct the narrative for the month and the "highlights" found on page 2 of this publication. The table below summarizes the findings for this month. Page numbers of corresponding charts are included in parenthesis ().

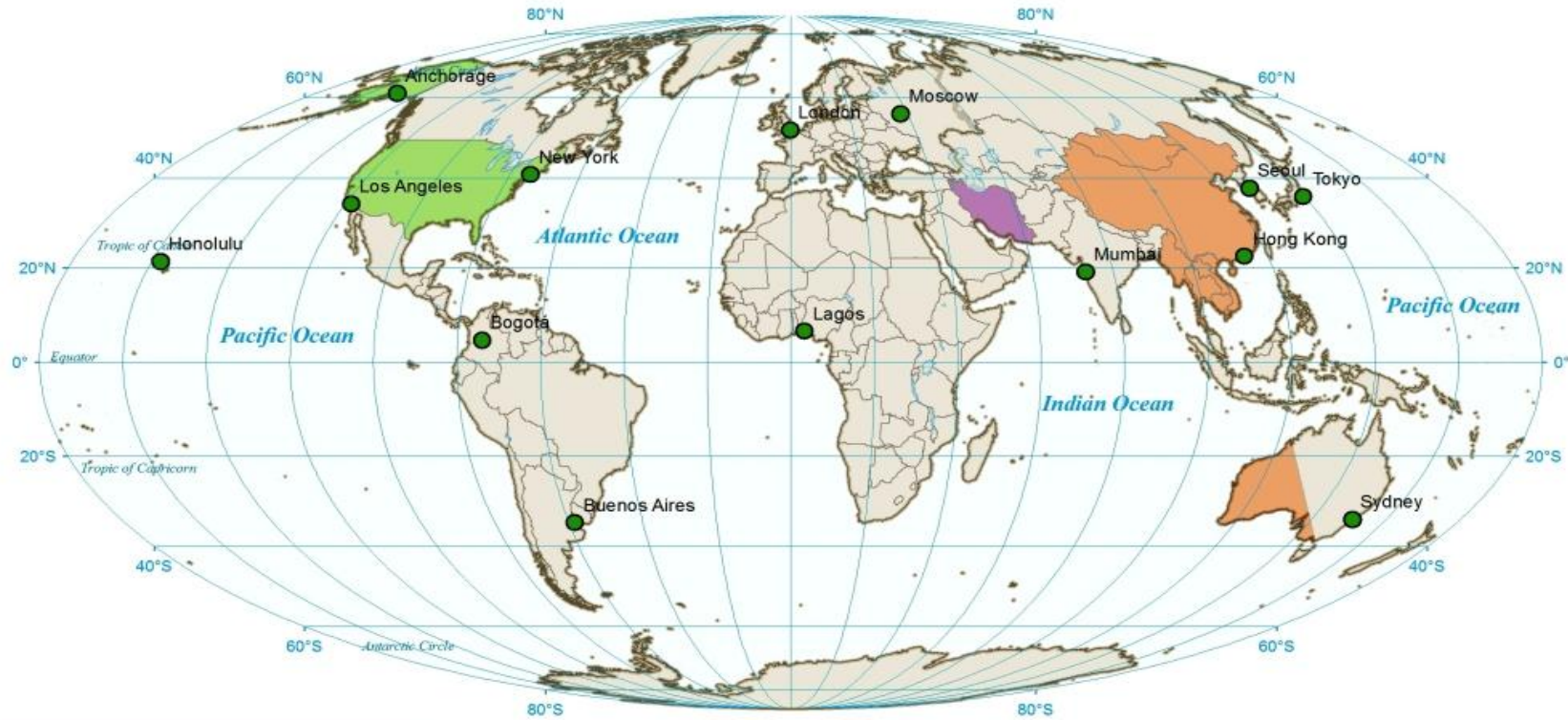| Date Range	Summary of Chart Indications
4/6 – 13	Global context of civil unrest; heightened interest in terrorism (7b). U.S. government in crisis mode (8b). Sharp sell-off in U.S. Dollars (9b). Public panic response possible (8a). Sharp market declines likely (9a). Heightened interest in volcanoes and earthquakes (7a).
4/14 – 20	U.S. government in denial, oblivious (or possibly secretive) (8b). Public panic response possible (8a). Market declines continue (9a). Heightened interest in volcanoes and earthquakes (7a).
4/19 – 22	Global tension/polarization extreme (7b).
4/29 – 30	Strong geopolitical focus; crude prices may rise sharply (10). Heightened interest in volcanoes and earthquakes (7a).

Human Perception of Nature - April 2010

**VOLCANO /
EARTHQUAKE
ALERT**

**SERIOUS
+ WET**

Perception of Nature / the Earth

- Nature is hot, active, in motion
- Nature is serious, deadly
- Nature is disruptive, inconvenient
- Nature is very wet

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Robinson Projection
Central Meridian: 0.00

In anthropomorphic terms – The Earth is **ACTIVE, HOT, and FOCUSED.**

Possible physical manifestations – The earth is perceived as hot and in motion in Iceland, Hawaii, and the Caribbean/Northern S. America region. This generates a volcano/earthquake alert. Nature is perceived as serious or deadly in N. America. Together, these indicate a heightened possibility for a serious tectonic event, most likely in the Pacific Northwest. The primary perception of nature in the Eastern Hemisphere is wet. A serious water-related situation may develop in the area surrounding Indonesia and Southeast Asia. Nature is disruptive or inconvenient for Europeans. This may signal weather that is disruptive to business as usual.

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Social Instability Factors - April 2010

Social Instability Factors
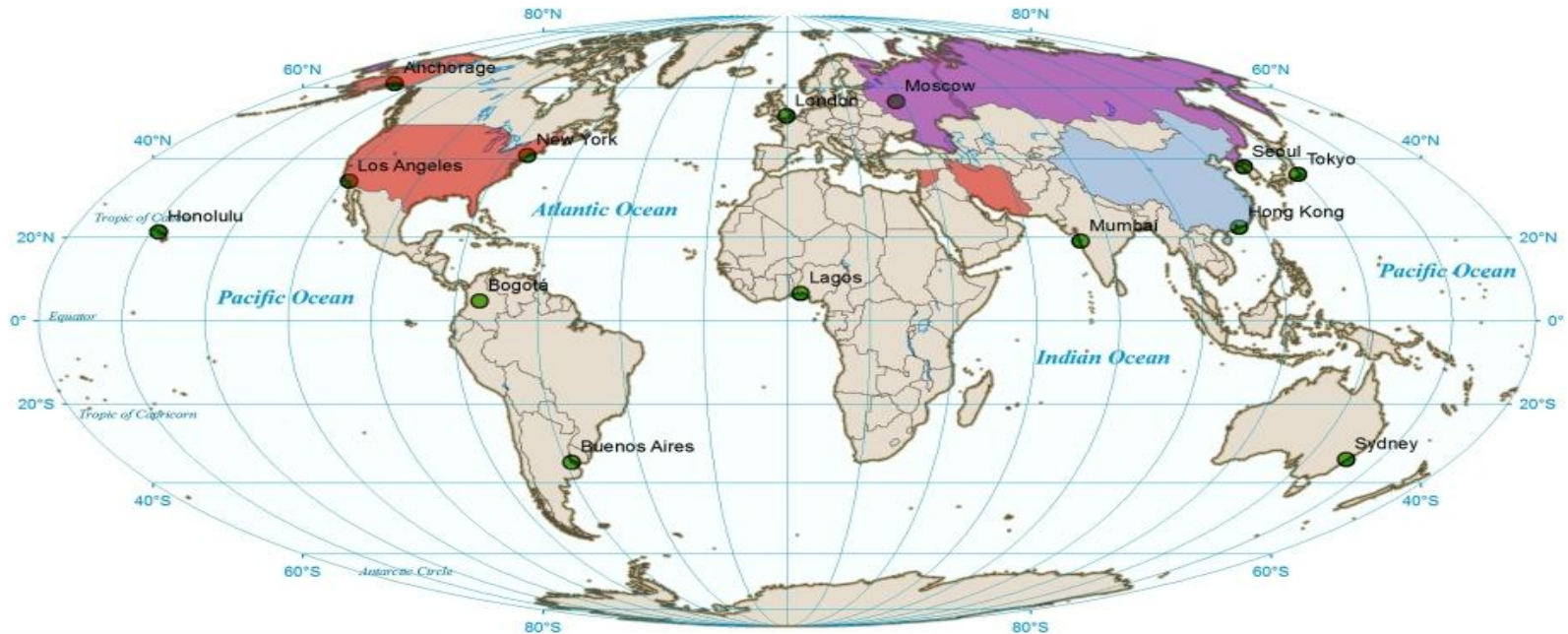
- Unrest / Anarchy
- Turmoil
- Anxiety

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Robinson Projection
Central Meridian: 0.00

Iran's social mood, if it were an individual, would be someone in deep emotional turmoil. For the Iranian people, this could indicate a period where loyalties are assessed, and those found to be disloyal to those in power to be harshly punished. The United States shows a mood configuration for April, which if it were that of an individual, would be someone experiencing high anxiety, stress, and agitation. For U.S. society, look for the conflict of ideologies that has been polarizing the nation to escalate. The manic configuration in E. Asia indicates a good possibility that the situation in Thailand could degenerate into chaos. The manifestation in China may be more economic—concerns with inflation and economic bubbles.
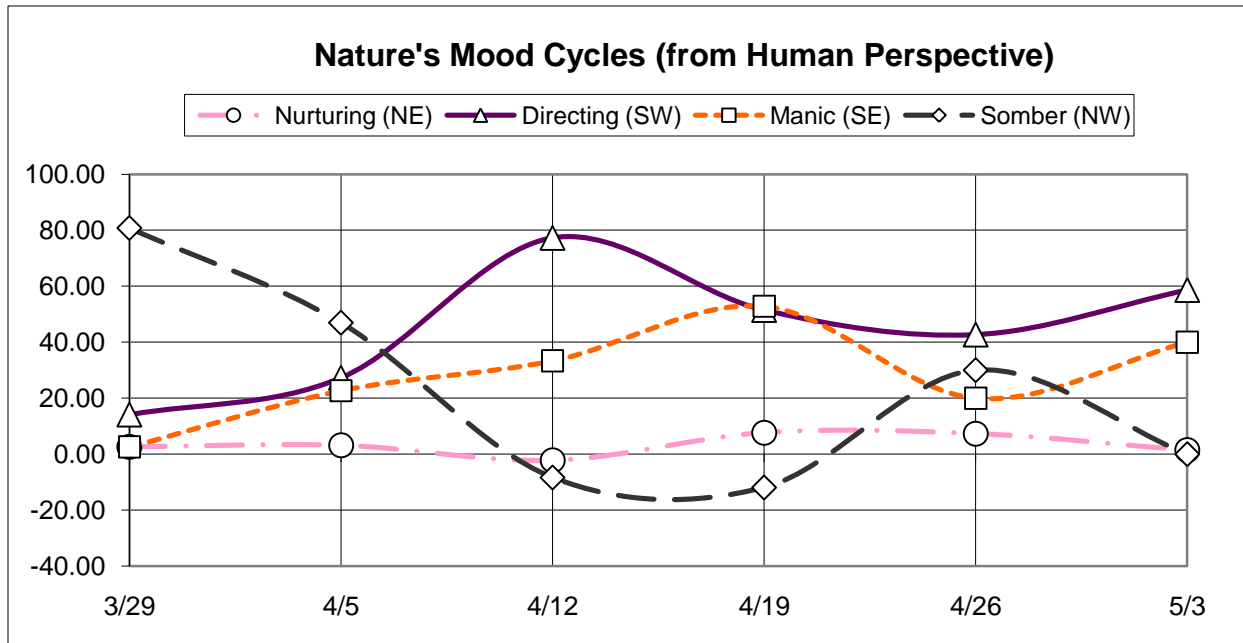
Projected Geopolitical Posturing - April 2010

Disposition Toward Outsiders

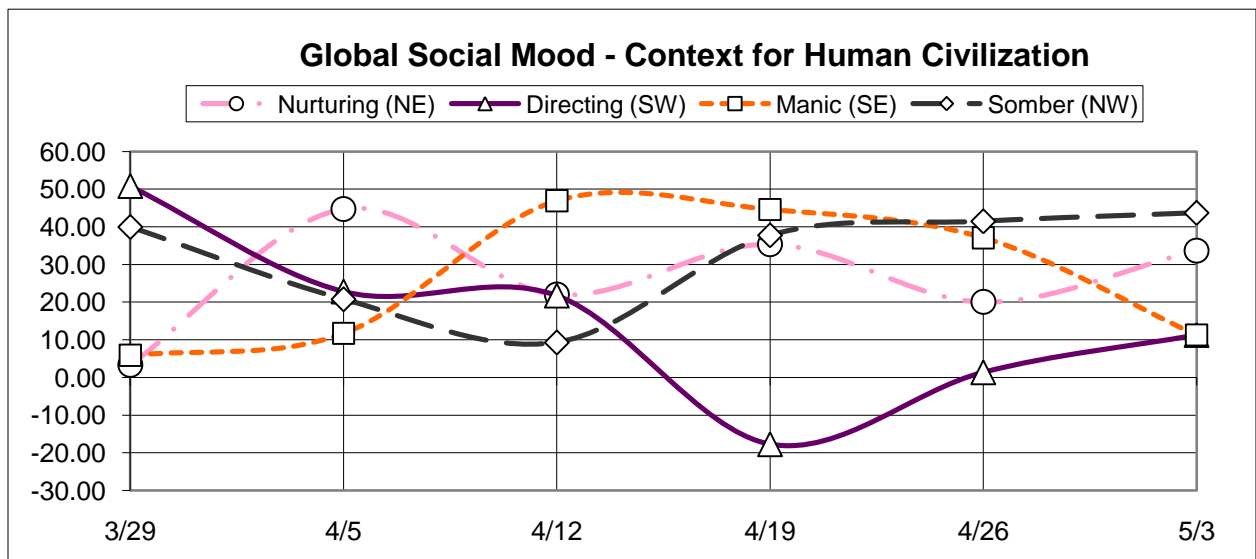|	
🟥	Hostile
🟪	Aggressive
🟦	Defensive / Diplomatic

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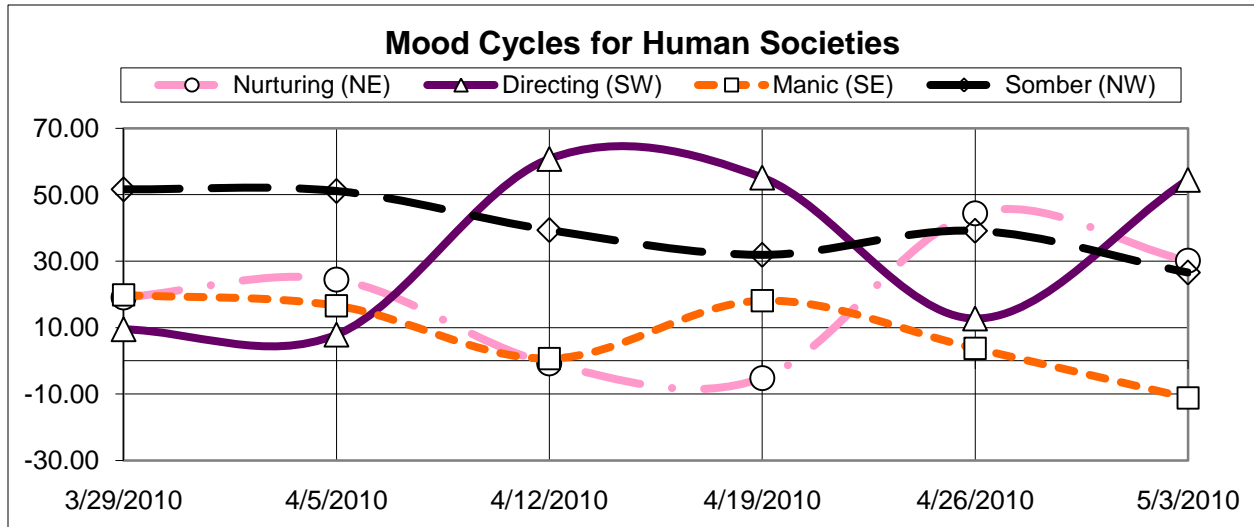Robinson Projection
Central Meridian: 0.00

The primary geopolitical hotspot for April is the Middle East—notably, Iran, Israel, and Syria. N. Korea could be an issue as well. The United States should continue to move further in the direction of confrontation and escalation. China should continue its "diplomacy only" stance in the Iranian situation, while Russia may take a more aggressive position.
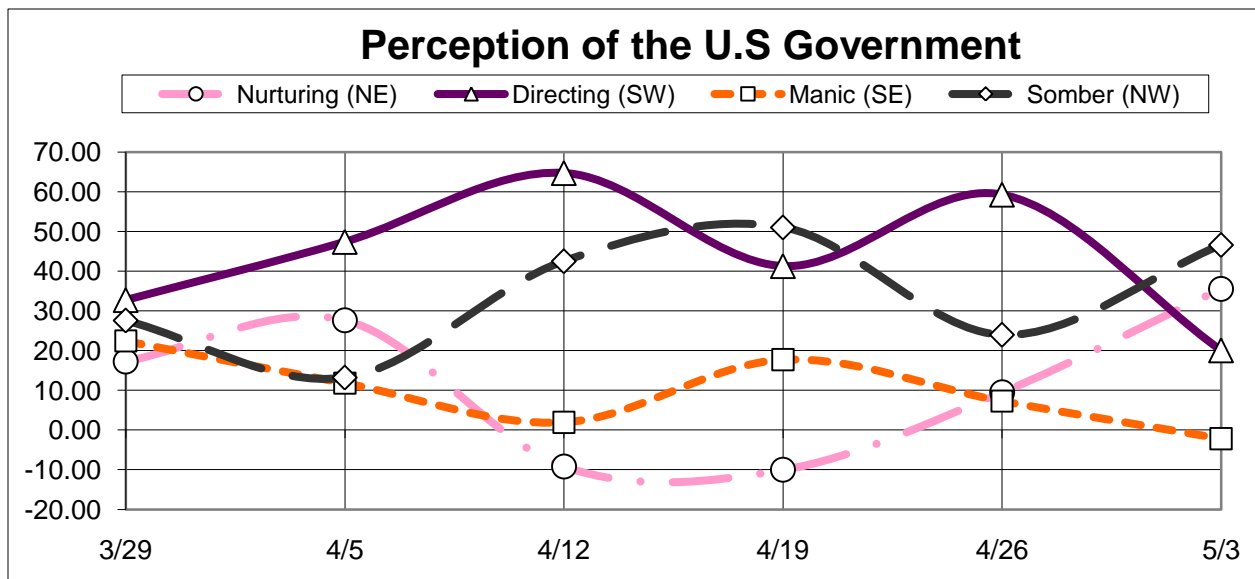
Nature's Mood Cycles (from Human Perspective)

Legend: ○ · Nurturing (NE) △ Directing (SW) □ Manic (SE) ◇ Somber (NW)

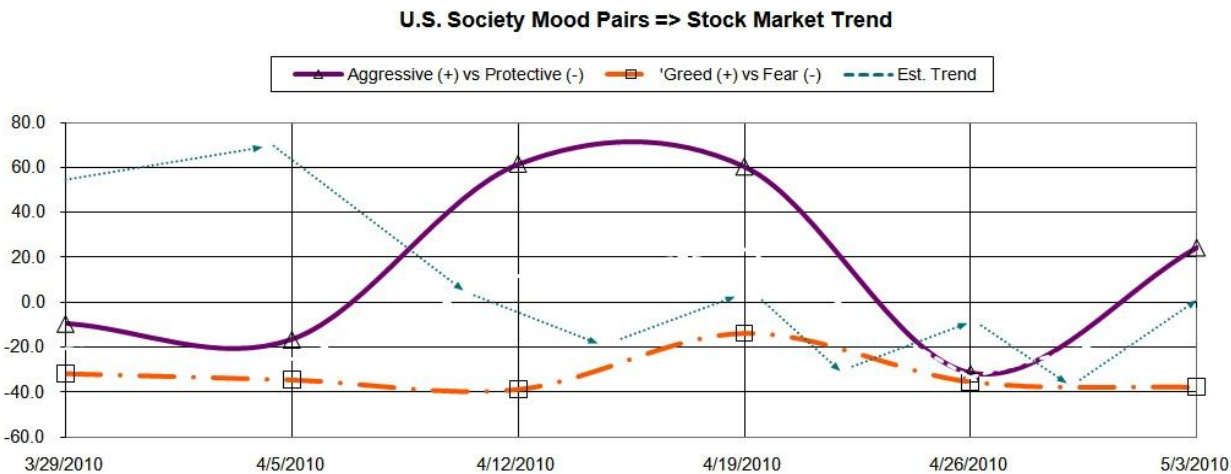| *Nature-caused Grief*	*Hot, Active, and In Motion*
Period of mourning over nature-induced losses (W/NW).	*The perception of Nature throughout this period would be consistent with warmer than normal temperatures on the mild side, and heightened earthquake and volcano activity on the more extreme end.*

Global Social Mood - Context for Human Civilization

Legend: ○ · Nurturing (NE) △ Directing (SW) □ Manic (SE) ◇ Somber (NW)

Polarization/Tension	*More Terror*	*More Polarization/Tension*
Life vs. Entropy factors indicate a highly polarized world of "good guys" and "bad guys".	*Civil unrest and/or terror focus.*	*Entropy vs. Life factors indicates a highly polarized world of "good guys" and "bad guys". Global stability is looking shaky.*

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Mood Cycles for Human Societies

Legend: —O— Nurturing (NE) —△— Directing (SW) —□— Manic (SE) —◆— Somber (NW)

Calm Before the Storm	Panic!!!	Finding Restraint
The appearance of quiet, but the tension is thick. A "shoe" is waiting to drop (N/NW).	*Something really gets people's attention! A brief market crash is possible.*	*People are evaluating wants vs. needs. Trying to come to grips with new realities.*

Perception of the U.S Government

Legend: —O— Nurturing (NE) —△— Directing (SW) —□— Manic (SE) —◆— Somber (NW)
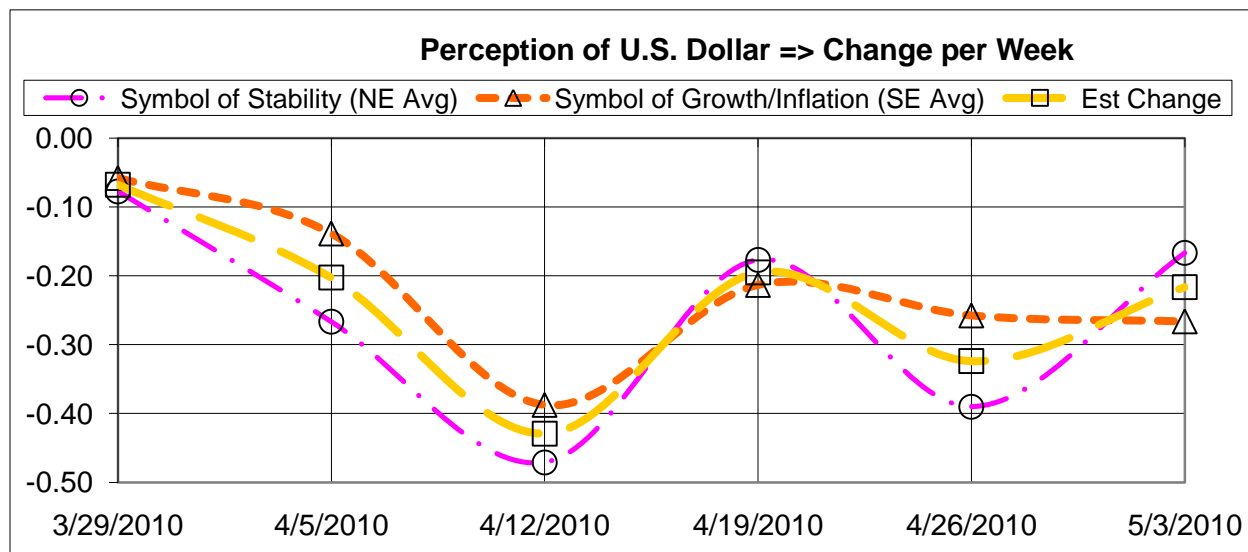

Polarization	Crisis Mode	Major Decision Point
Life vs. Entropy factors displays a major rift in government.	*Something new to panic about sends the U.S. government into crisis mode (SW/NW).*	*Key policy decisions being made about domestic as well as international relations.* *By month's end, a decision is reached (NW/N).*

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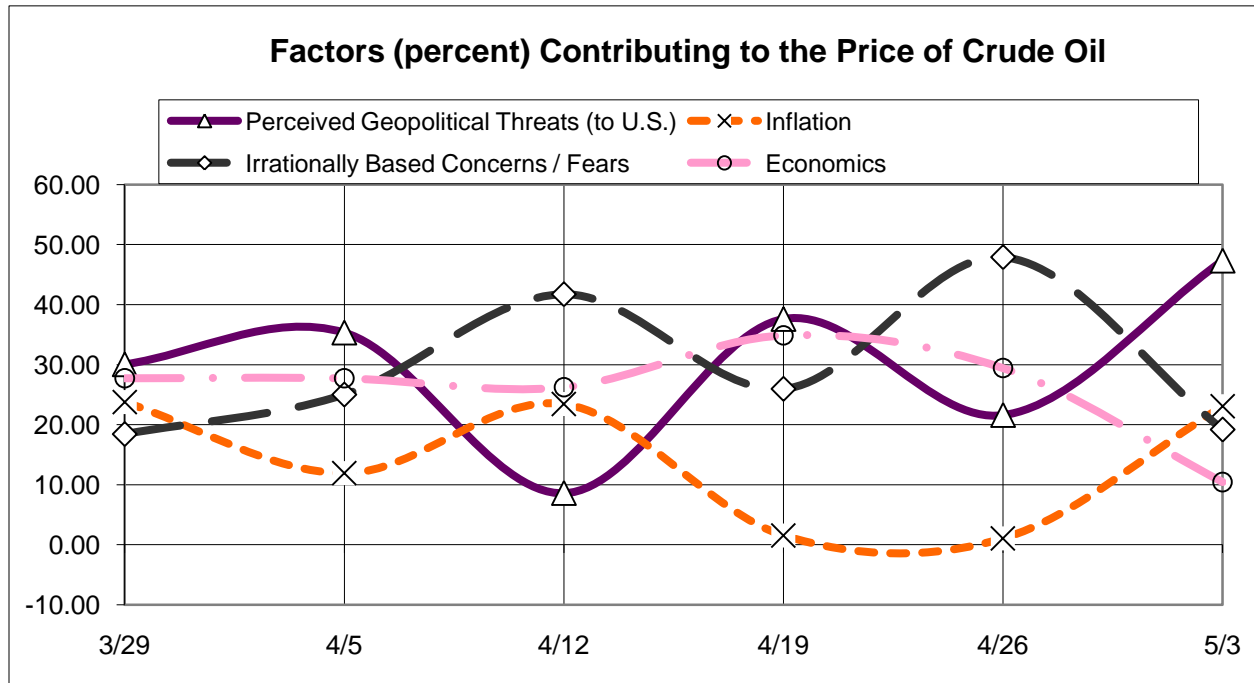**U.S. Society Mood Pairs => Stock Market Trend**

Explanation of chart lines: *It is common knowledge among traders that movement in the stock market is based on a "tug of war" between pairs of sentiment. This charts the two primary pairs which correspond to the general stock market trend. "Aggressive vs Protective" is the difference of the values of the two Moodlines "Directing" and "Nurturing." "Greed vs Fear" is the difference of the values of the two Moodlines "Manic" and "Somber."*

A primarily bearish month, the market may go into a full on panic the week of the 5th and into the following week.

Perception of U.S. Dollar => Change per Week

Explanation of chart lines: *The Dollar is a symbol of value, but it not attached to anything "real" such as gold as it was in the past. Its value is based on sentiment, and on the trust of a government to honor its debts. Because of this, its value ebbs and flows along with the oscillations of perception about the U.S. government. The mood factors we call "East" have to do with abstract rational notions such as symbols and ideas. "North" is related to stability, and "South" is related to activity, which in economics corresponds to growth and expansion.*

The Dollar may take a tumble in the first half of the month. This is likely to be followed by a period of consolidation. The timeframe of the crisis event seems to be very negative for the Dollar.
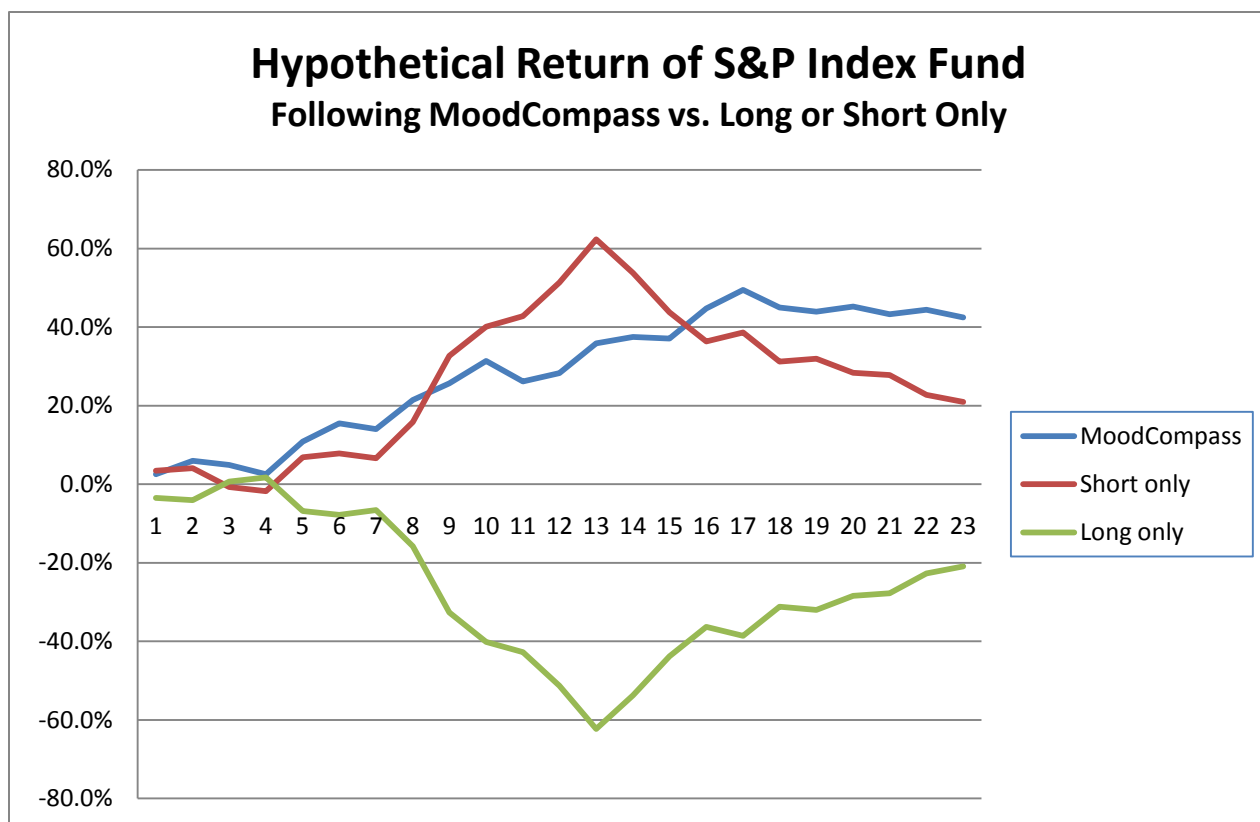
Factors (percent) Contributing to the Price of Crude Oil

Legend:
- Perceived Geopolitical Threats (to U.S.)
- Inflation
- Irrationally Based Concerns / Fears
- Economics

Y-axis values: 60.00, 50.00, 40.00, 30.00, 20.00, 10.00, 0.00, -10.00

X-axis values: 3/29, 4/5, 4/12, 4/19, 4/26, 5/3

Explanation of chart lines: *The values for the Moodlines (Directing, Manic, and Somber) for U.S. View of "the World" are used to produce this chart. This chart is useful in searching for potential geopolitical events, and escalated irrational fears of supply disruption. It is also useful as a check to the direction of the Dollar, as high inflation concerns are often linked to a falling dollar. "Economics" refers to either supply or demand concerns.*

Economic concerns go hand in hand with heightened geopolitical concerns for much of this period. However, the area surrounding the "crisis event," shows little concern with the international arena or the price of oil.

Research on MoodCompass Performance

A doctoral student of economics with the University of Milan, Italy (who has since graduated) took on the project of investigating the accuracy of the MoodCompass. Using the MoodCompass as a source for trade signals, Dr. Pagani continues to chart how a hypothetical trader would have done in an S&P ETF against someone in a long only position and short only position. This is a snapshot of the data as of his last update, January 2010.

Hypothetical Return of S&P Index Fund
Following MoodCompass vs. Long or Short Only

- MoodCompass
- Short only
- Long only

Feb 2008 to January 2010		
	% Gain Total	Max DD
Mood compass	42.5%	28.1%
Long only	-13.9%	64.1%
Short only	16.2%	66.4%

About MoodCompass

Originally Developed to Study Sustainability

MoodCompass is based on a systems analysis tool developed by A New Story Foundation, a non-profit organization researching sustainability, that quantitatively measures and tracks the emotions and behavior—or "mood"—of a society. The tool can also be used to measure a society's perception of other organized entities such as governments and other societies. Since 2006, researchers have used this tool to track the mood of US society as well as its perception of the US government and the rest of the world through the lens of US society. They use this data to gain a better understanding of the underlying dynamics of US society—i.e., "what makes it tick"—and its role in sustainability.

Then They Stumbled Onto Something…

In July of 2007, after tracking these three segments for over 18 months, researchers noticed a correlation between patterns in their profiling data and the movement of the financial markets. Specifically, the profile of US society correlated with the movement of the US stock market, the profile of its view of the US government with the movement of the dollar, and the profile of its view of the world with the movement of crude oil.

Researchers spent the rest of 2007 analyzing these correlations and identifying the mood configurations corresponding with various social responses and market reactions. By the end of 2007 they had successfully generated a model for each segment that very accurately predicted whether its corresponding market was trending up or down and when the trend was likely to shift.
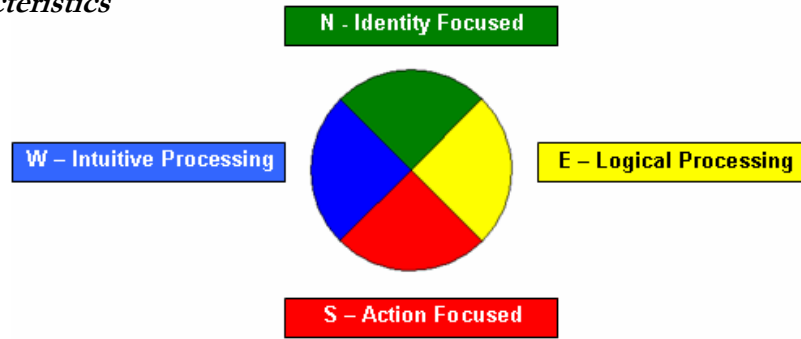
MoodCompass was Born

Researchers at A New Story Foundation knew they were on to something big. If they could predict changes in social mood and the potential for instability, and demonstrate that with accurate predictions of the direction and timing of trends of the stock market, the dollar, and crude oil, that information would surely be valuable to managers, planners, and even the investment community. They could not only use it to raise money for the foundation, but more importantly to raise awareness about issues surrounding sustainability. They decided to make their global mood and market forecasting information available to research sponsors, and MoodCompass was born.

How It Works

The MoodCompass profiles an entity based on the relative presence of four primary characteristics or of four hybrid characteristics. A profile expressed in terms of primary characteristics weighs the entity's relative focus on identity (north), focus on activity (south), use of intuition (west), and use of logic (east). A profile expressed in terms of hybrid characteristics weighs the entity's relative amount of nurturing behavior (northeast), directing behavior (southwest), manic expression (southeast), and somber expression (northwest). It was named the MoodCompass because the eight characteristics are best viewed in circular relation to one another like points on a compass:
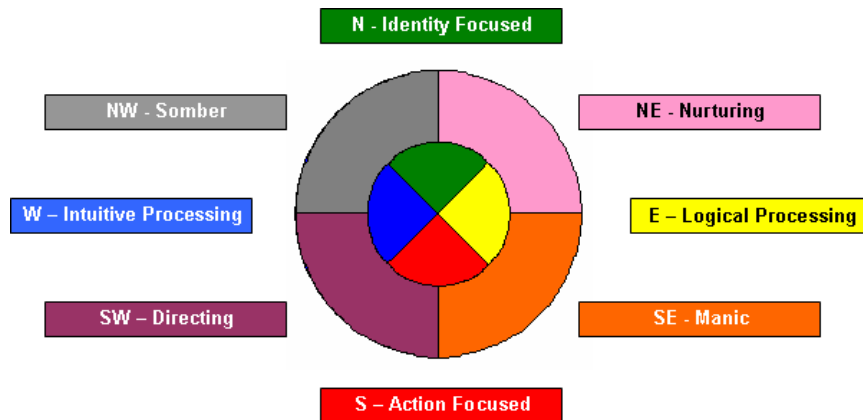
Primary Characteristics

N - Identity Focused

W – Intuitive Processing

E – Logical Processing

S – Action Focused

Hybrid Characteristics

NW - Somber

NE - Nurturing

SW - Directing

SE - Manic

        The two sets of characteristics are inter-related. Each characteristic is a combination of the two that surround it. This relationship can be viewed by embedding a pie chart of the primary characteristics inside a pie chart of the hybrid characteristics: For example, the primary characteristic (W) Intuitive Processing is a combination of the two hybrid characteristics (SW) Directing and (NW) Somber. Likewise, the hybrid characteristic (NE) Nurturing is a combination of (N) Identity Focused and (E) Logic Processing.

N - Identity Focused

NW - Somber

NE - Nurturing

W – Intuitive Processing

E – Logical Processing

SW – Directing

SE - Manic
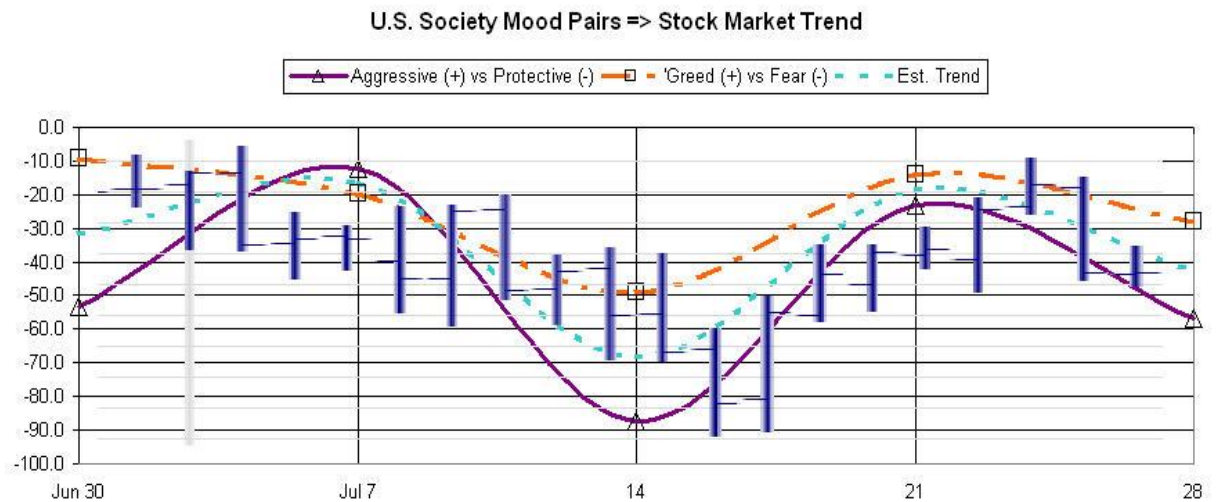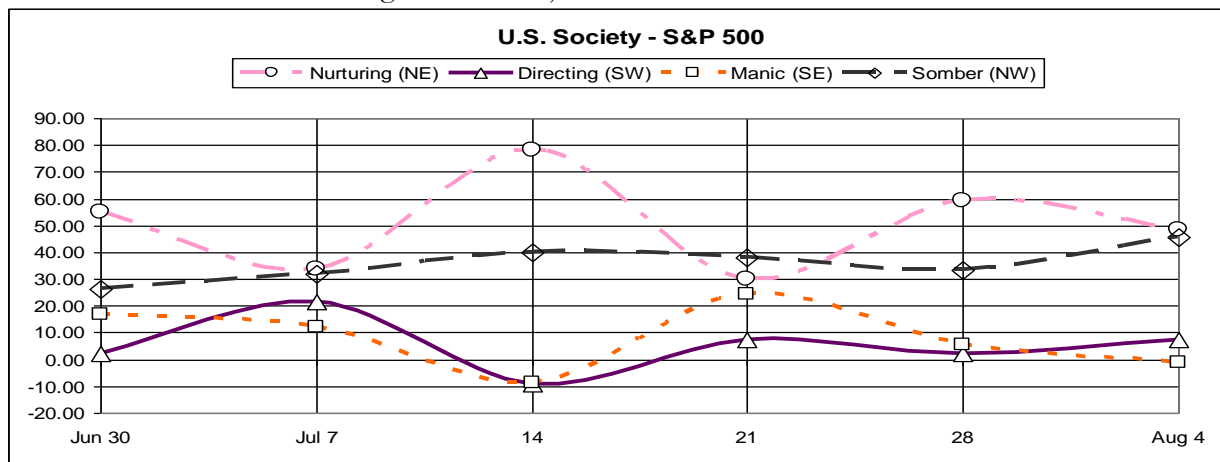
S – Action Focused

Tracking Profiles Over Time

        During the course of each month, researchers collect information surrounding current events and perceived future events, and qualitatively assess how much of each of the eight characteristics the entity under observation manifests. This assessment is ultimately plotted (as "mood lines") and extended into the future to generate the MoodCompass forecasts. The four primary characteristics and four hybrid characteristics are evaluated separately, and analyzed in

conjunction. Researchers have found that when plotted over time, each set of the four characteristics tends to oscillates in a somewhat regular pattern. The pattern can be extended into the future by estimating a best fit sine wave function. Researchers periodically 'recalibrate' the mood lines with the current events data, and readjust the best fit sine function. For convenience, and ease of presentation, only the moodlines of the four hybrid characteristics are presented in the MoodCompass.

Future forecasts are examined for indications of significant changes in social stability, government focus or activity level, and ways the outside world is perceived. Market models have been developed which accurately forecasts stock market movement from the U.S. society moodlines, U.S. Dollar value from changes in the way the U.S. government is perceived, and factors affecting the price of crude oil from the way the U.S. views the world.

The two figures below show the July 2008 moodlines for U.S. society and the derived stock market forecast (as published June 27, 2008). Actual stock market data from futuresource.com has been overlaid on the bottom figure to show just how well the data matched the forecasted trend.

Philosophy and Methodology: For more information on our research and methodology, please see: http://anewstory.org/documents/methodology.pdf.

MoodCompass Subscription Application

    I am interested in the work of A New Story Foundation, encouraging "new stories" that lead to a culture of sustainability, as well as its work in tracking and forecasting social and economic risks of instability.

    Please write a few sentences describing how you can support the work. Suggested monetary pledge is $40 per month. For support other than a monthly monetary pledge, let's discuss it. Future issues will be sent upon receipt of either your pledge or documentation of your alternative support as agreed. Here is how I can help in the work:

_____

_____

_____

_____

Name: _____

Address: _____

          _____

          _____

Phone: _____

Email: _____

A New Story Foundation
603 E 11th Ave
Bowling Green, KY 42101
Email competed application to: mcapp@anewstory.org
Our Website: http://anewstory.org

Send no money now. Upon approval of your application, you will receive the current issue of MoodCompass. Monthly pledges can be automatically processed through Paypal. We also accept checks. We reserve the right to deny any application or terminate any subscription at any time for any reason.

Thanks for your support!