

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

August 2009

New! 3 Pages of Maps Included.

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August 2009 – While We Were Sleeping

We spoke last month of a War Dance – some posturing and chest pounding among friends. This month, the sound of drums pounding in the distance can be heard. They’re getting closer. The situation in Iran has been simmering. N. Korea has not yet been “tamed.” There may be domestic distractions—health care, the economy, and other things to pay attention to. There are summer vacations that need to be taken, and parties to go to. However, like it or not, it will be difficult to ignore the sound of the drums, especially near the end of the month.

There is a recent expansion of our research into cycles of mood and perception to a personification of the Earth or Nature itself and its “moods” created from a collage of how human’s perceive non-human nature. In August, there is heightened concern about issues related to global warming or climate change. There is a heightened risk of a moderate earthquake in the area surrounding the Indian Ocean. For whatever reason, strong concerns with disease issues are indicated in Asia at the end of the month, going into September.

If all this was not enough, while Wall Street has been busy ignoring the high unemployment rates and the growing financial issues that Main Street is increasingly faced with, while banks have been finding new ways to risk money, and everyone and his brother are declaring the recession over, the ingredients for new crises have been stewing. As September approaches, a large stock market decline becomes increasingly near.

But that’s almost a month away. Go back to sleep. It’s probably just a bad dream anyway.

Week by Week Highlights:

August 3 - 9: *What?* A brief “safety seeking” moment followed by denial. Slight increase in geopolitical focus. U.S. government shows mild panic response.

August 10 - 16: *How about that U.S. Dollar?* U.S. government paralyzed and badly viewed. Very high concerns with inflation and/or the U.S. Dollar. Increased attention to natural hazards.

August 17 - 23: *Stuck.* Markets and currencies trade in narrow ranges. Increased attention to natural hazards.

August 24 - 30: *Hey!* Something gets the world’s attention in a big way. Geopolitical issues are focal. The U.S. Dollar rallies. Crude oil may spike.

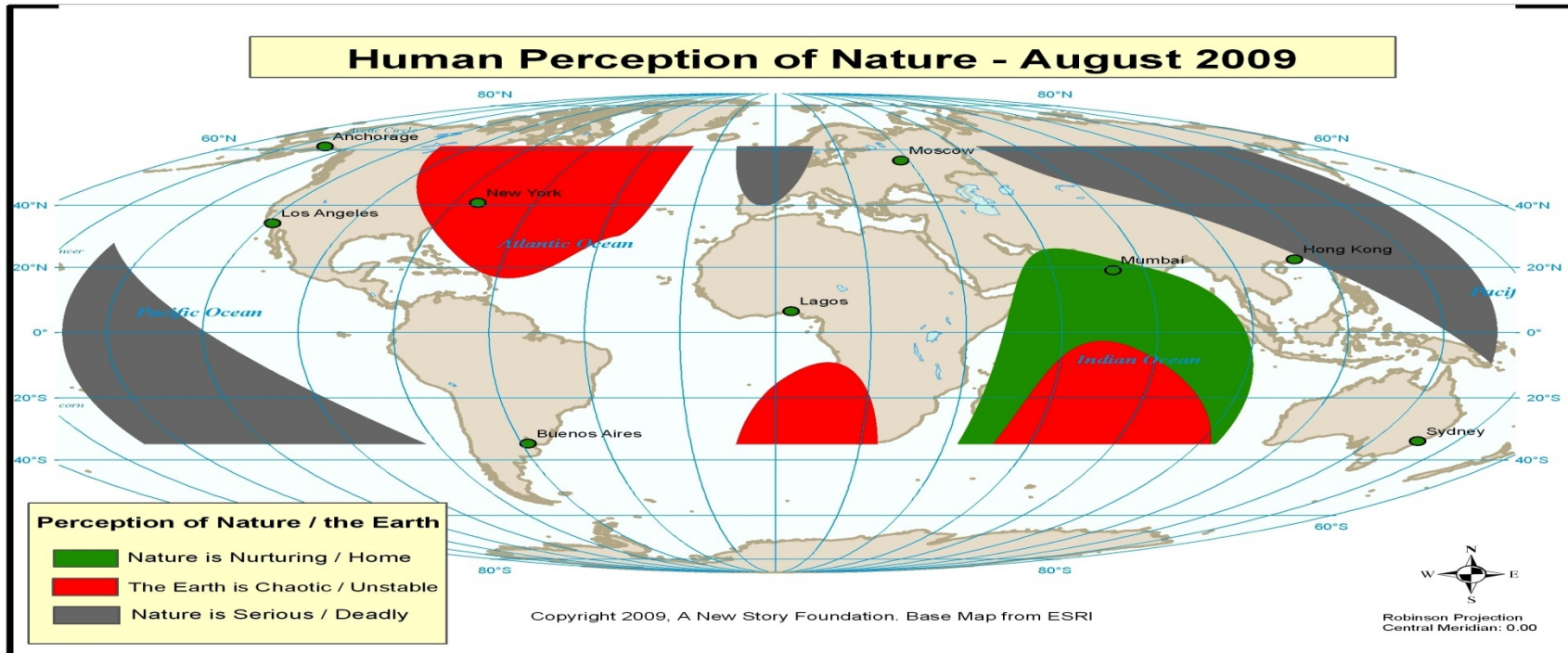
August 31 – September 6: *Not Again!* Economic concerns are increasing. Large stock market decline is imminent. Geopolitical issues continue. Heightened disease concerns, primarily in Asia that should last into September.

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

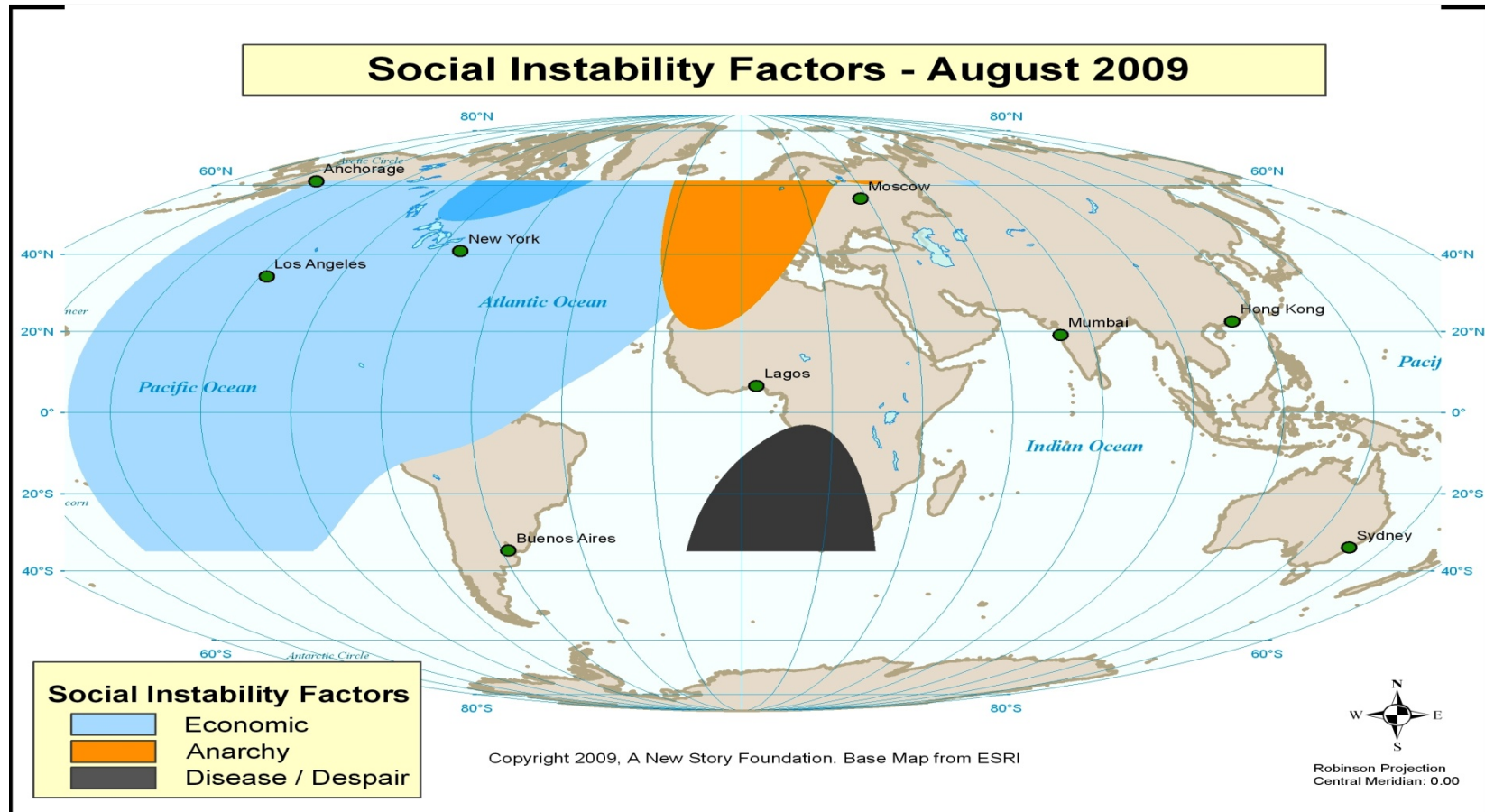
After the data is gathered for the month and the mood cycles recalibrated, as needed, the charts on the following pages are constructed from the projected social mood and perceptions for the period covered by this issue of MoodCompass. Themes and patterns within and between charts are looked for and 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 week by week highlights found on page 1 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
8/3 – 5	Brief “safety seeking” moment possible (8).
8/6 – 12	U.S. Government in mild panic (11).
8/6 – 24	Increased likelihood of injury or sickness from natural causes or events (6). Little action, tunnel vision on the part of global leaders (7). Inflation concerns are high (12). U.S. Dollar down to sideways.
8/13 – 24	U.S. Government paralyzed and badly viewed. Currencies trade in narrow range (11).
8/25 – 9/6	REALITY hits, global panic response, optimism collapses (7). Stock market lower (9). U.S. government appears in chaos and/or incompetent. U.S. Dollar rallies (11). Increased geopolitical focus (12). Large crude oil surge possible (12). Growing economic concerns, primarily in U.S. and Europe. (4, 12). Heightened disease concerns, primarily in Asia (3, 6)



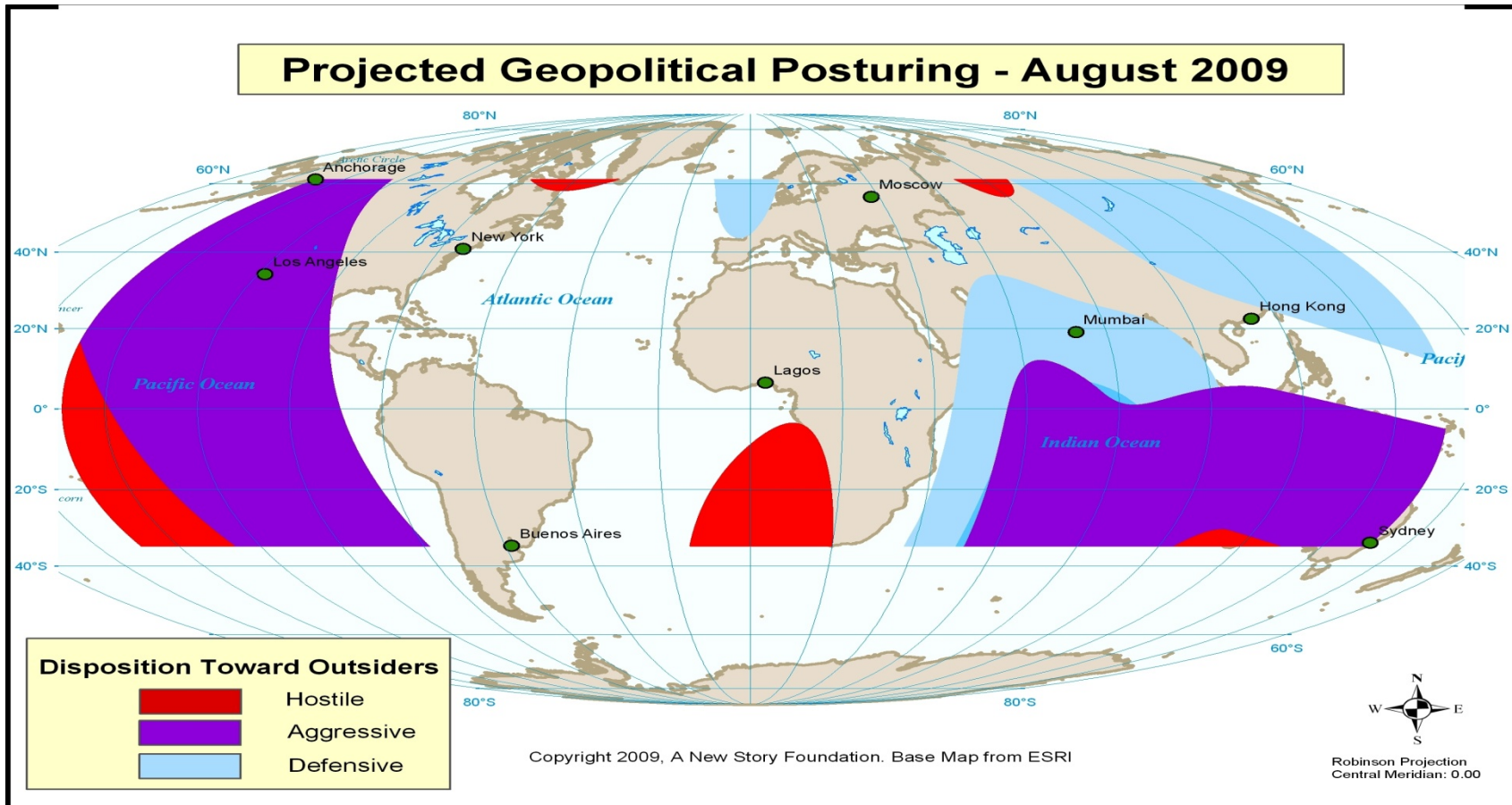
In anthropomorphic terms - The primary configuration for the way humans perceive Nature for the month of August is very high S/SE or Frenetic Manic. Gaia is **agitated**. It is as if "she" has been feeling neglected or ignored, and is now dramatically seeking attention, "You must care!!!" Our home, the Earth, which we like to see as stable and solid, appears decidedly unstable and unpredictable. The systems we depend on are out of balance and breaking.

Possible physical manifestations – S/SE is associated with heat, unexpected happenings, and things breaking apart into pieces. It could also be associated with the jumbling or mixing of things normally separated. While a moderate **earthquake** would fit this description, and could be indicated in the area surrounding the Indian Ocean, the pattern displayed in the Atlantic Ocean may portray a possible disturbance of the normal **thermohaline process**-- the ocean's warm and cold current "conveyor belt" system. There are elevations in Somber (the dark gray areas) appearing in Asia and Western Europe. Somber is associated with both physical illness and despair. In association with the perception of Nature, one possible manifestation could be more concern with the Swine Flu.

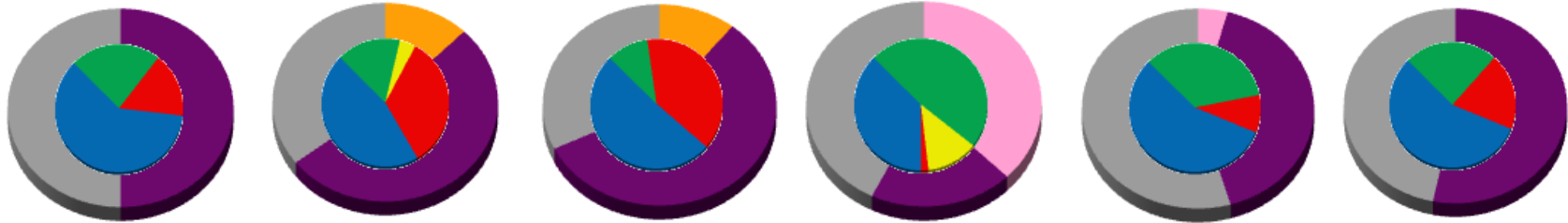
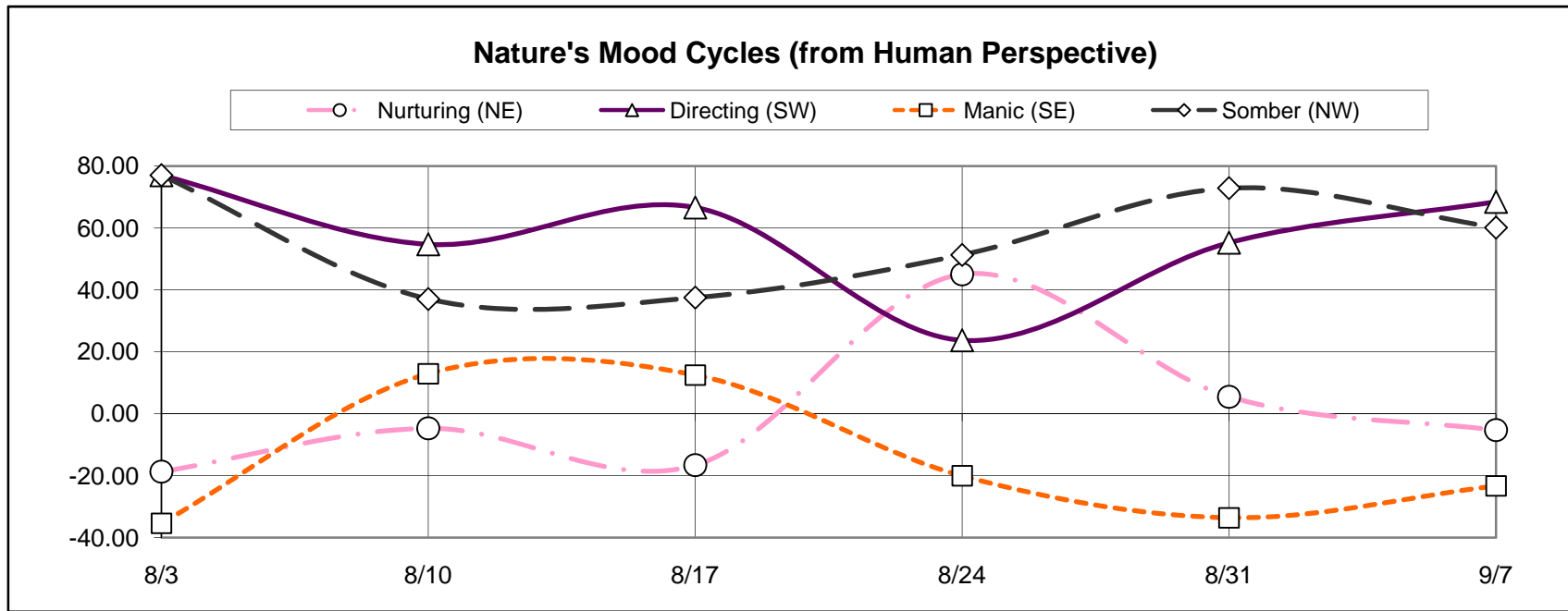


There is a notable increase in the economic instability factor in the Americas and Europe..

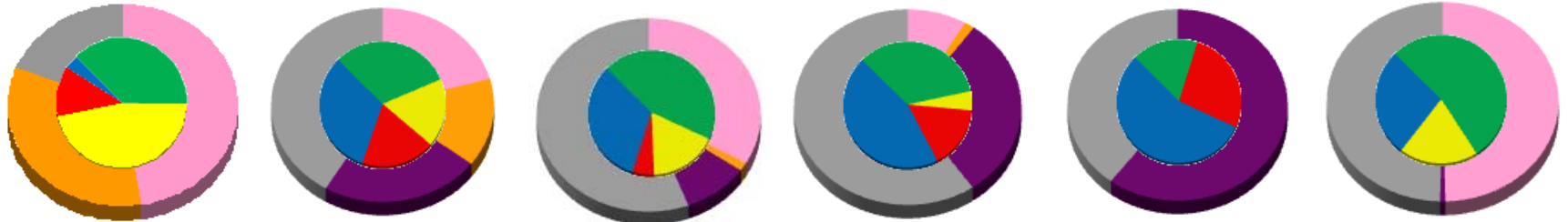
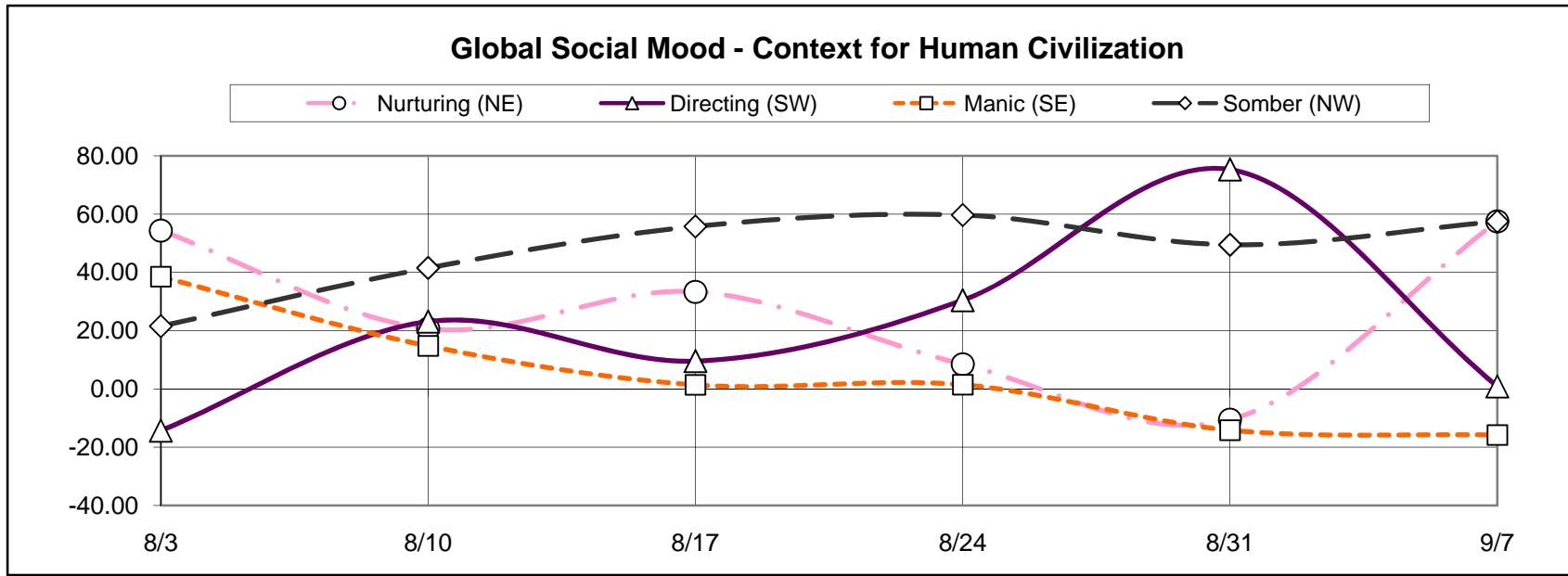
The anarchy factor is elevated in Europe. Watch for possible civil unrest. The factor indicating elevated dis-ease (due to illness or mood) appears in southwestern Africa. This may reflect chronic conditions in southern Africa.



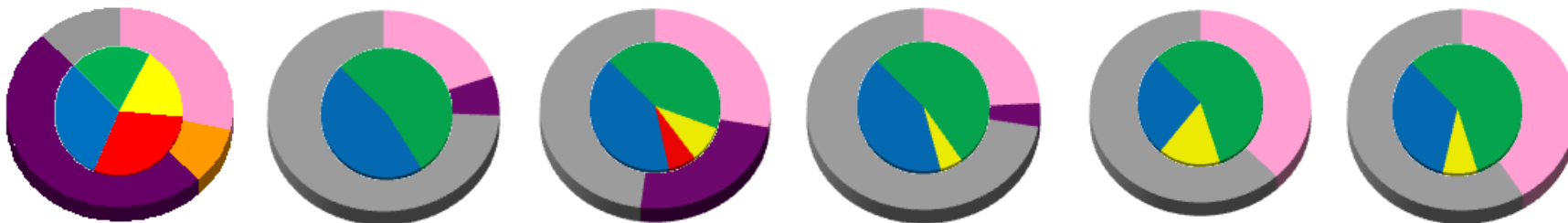
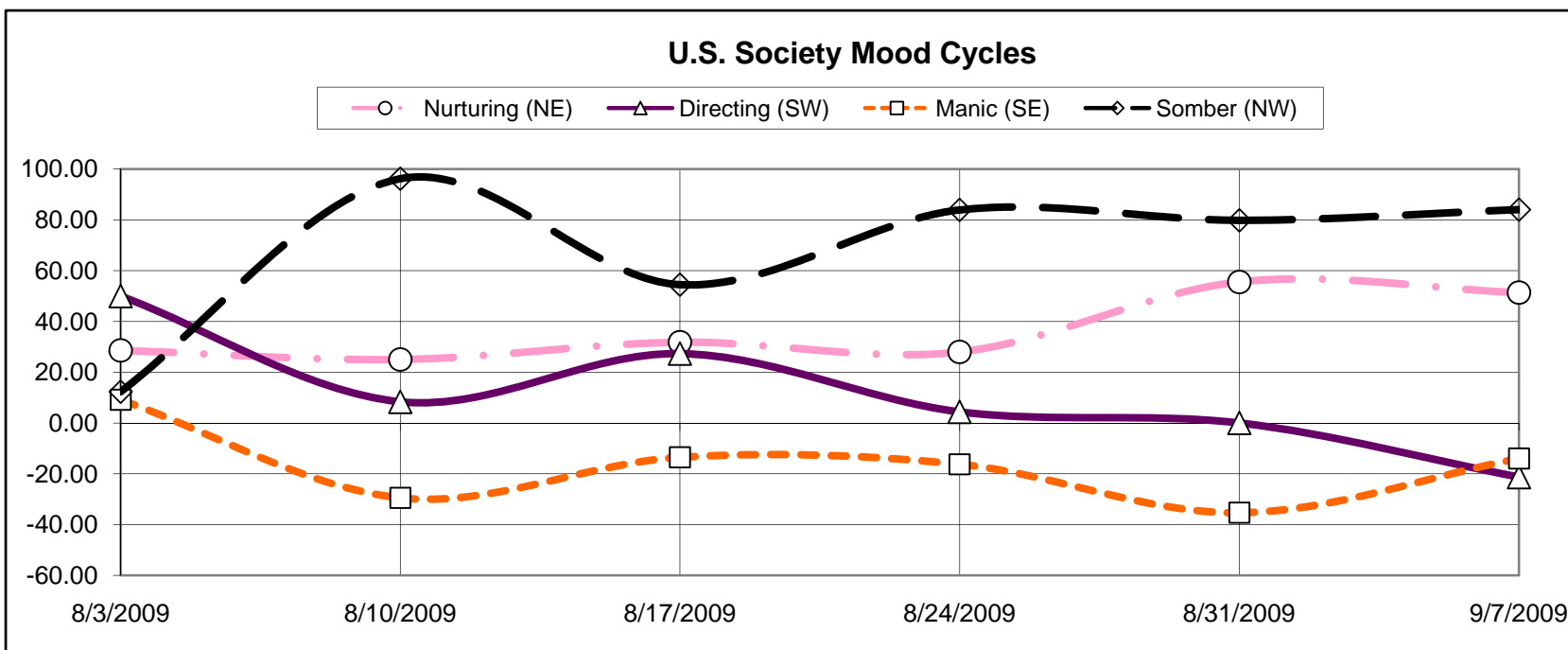
In August, look for increasing diplomatic urgency as global tensions increase. India, Pakistan, Afghanistan, Israel, and the Middle East in general, should be receiving more attention. The western Pacific anomaly is indicative of N. Korea's stance. They may abandon their recent conciliatory tone and resume a more hostile stance. Russia should appear increasingly non-cooperative, and the United States should begin to show a much less cordial tone. Europe and China may be working overtime to keep the peace. The Middle East disposition reflects both an interest in diplomacy and an aggressive stance. The hostile disposition toward outsiders in southwestern Africa is a chronic condition and often shows up as hostilities against the oil companies in Nigeria.



<p><i>Tension Building</i> <i>Increasing energy in the system, potential for breakout increasing.</i></p>	<p><i>Gaia is Growing</i> <i>Nature engaging, possibly provoking panic (Directing/Somber). Rapidly rising South factors indicate more activity; more sickness or injury from natural causes.</i></p>	<p><i>Gaia is Serious</i> <i>Strong spike in North factors indicate that it should be materially clear that "nature" is in charge of the planet. 8/20-24 is the highest manifestation probability.</i></p>	<p><i>Completing the Cycle</i> <i>Most humans go back to denial as Gaia's precarious state fades into the background (Somber/Directing). Humans find distraction in the problems of their own making. The waters warm as September approaches.</i></p>
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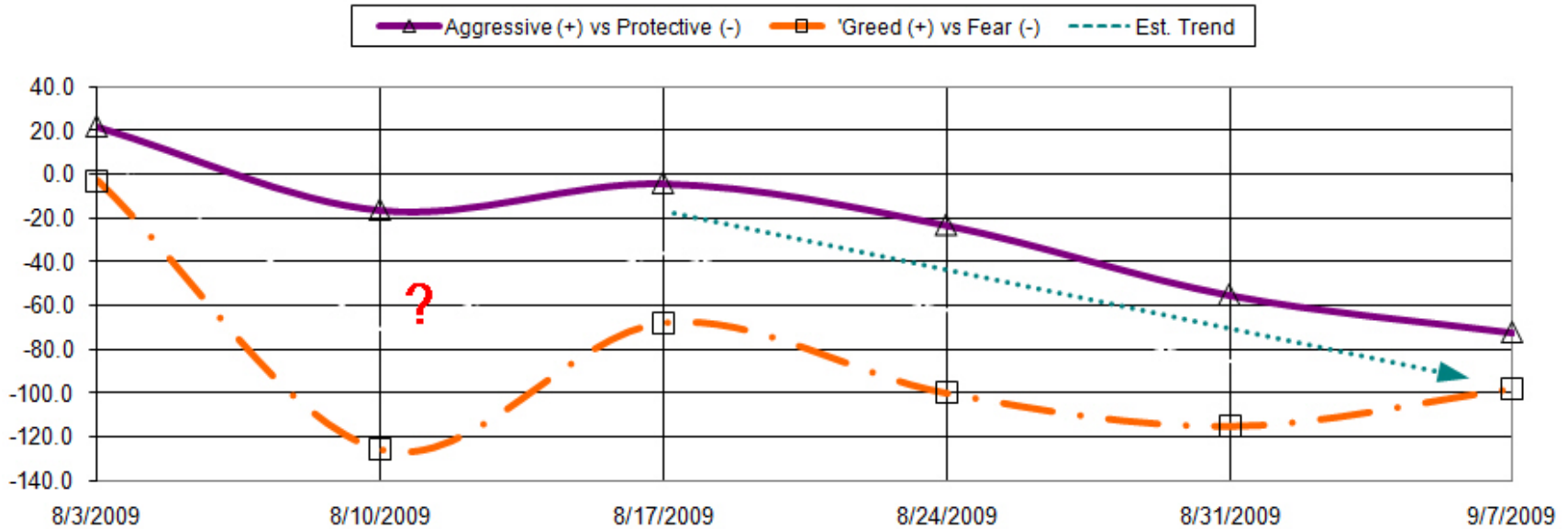


<p>Vulnerability to stop self interested parties, such as “rogue” leaders or nations may be noticed.</p>	<p>Focus on the Global Economy, Little Action, Narrow Vision Stagnation or paralysis abounds on any global agenda (high N/NW). Any Earth-centered attention due to climate change or naturally caused events result in no real progress to address the problems.</p>	<p>Reality Breaks through Denial PANIC (high SW/NW) shows up on a global scale. Something that was being ignored will likely break through the denial barrier. Remaining optimism (SW) collapses.</p>
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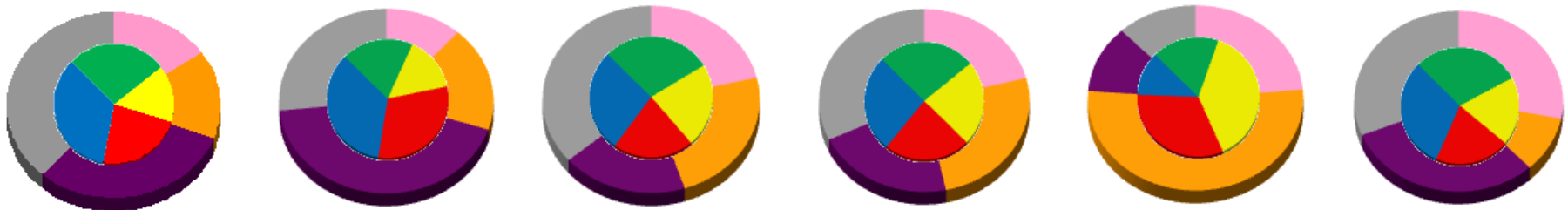
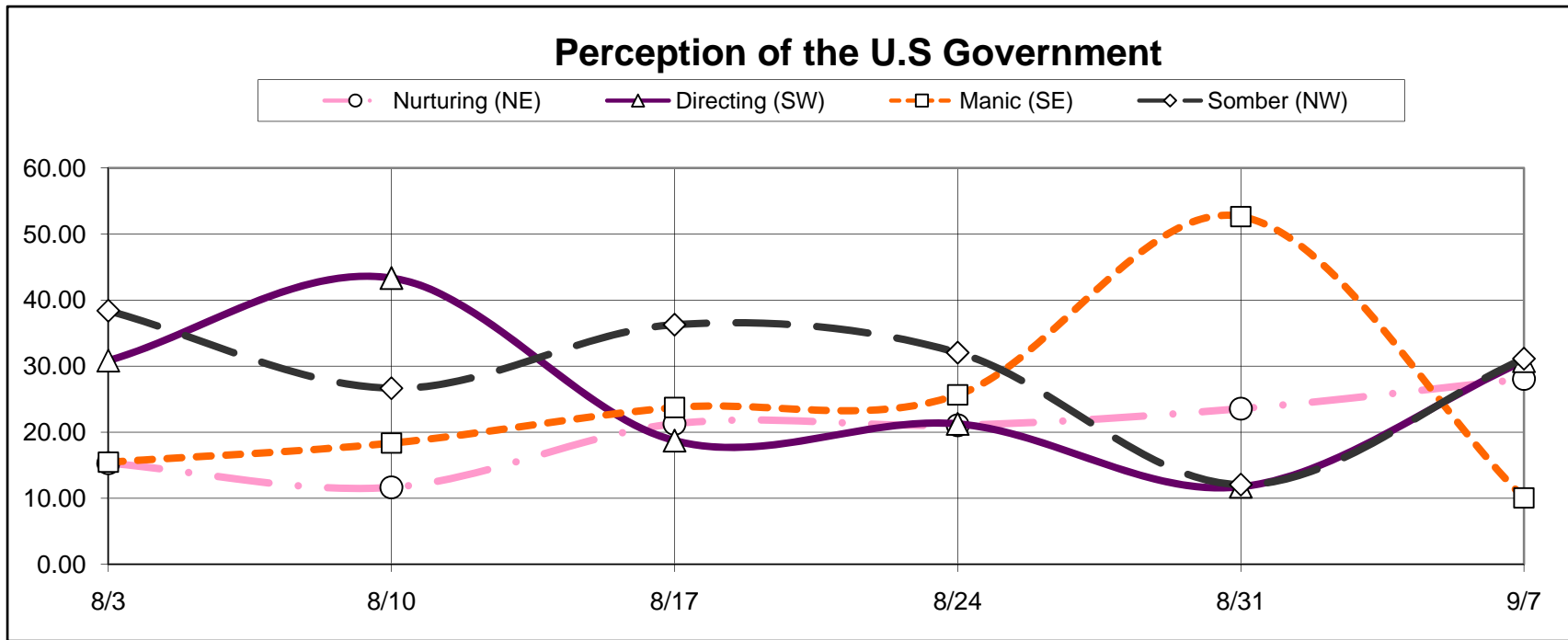
<p>Hide! A brief risk averse moment (SW/NE)</p>	<p>Lifeless, Lethargic, and Oblivious Gloom is high, life is stressful, but does anyone really care about anything anymore? Markets are likely directionless (NE/SW collapsed).</p>	<p>Fading Optimism Optimism (SW) fades as a protective, risk averse (NE) mood rises. Things do not look particularly hopeful. High N factors suggest a paralysis as far as taking decisive action. Tension is extreme.</p>
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U.S. Society Mood Pairs => Stock Market Trend

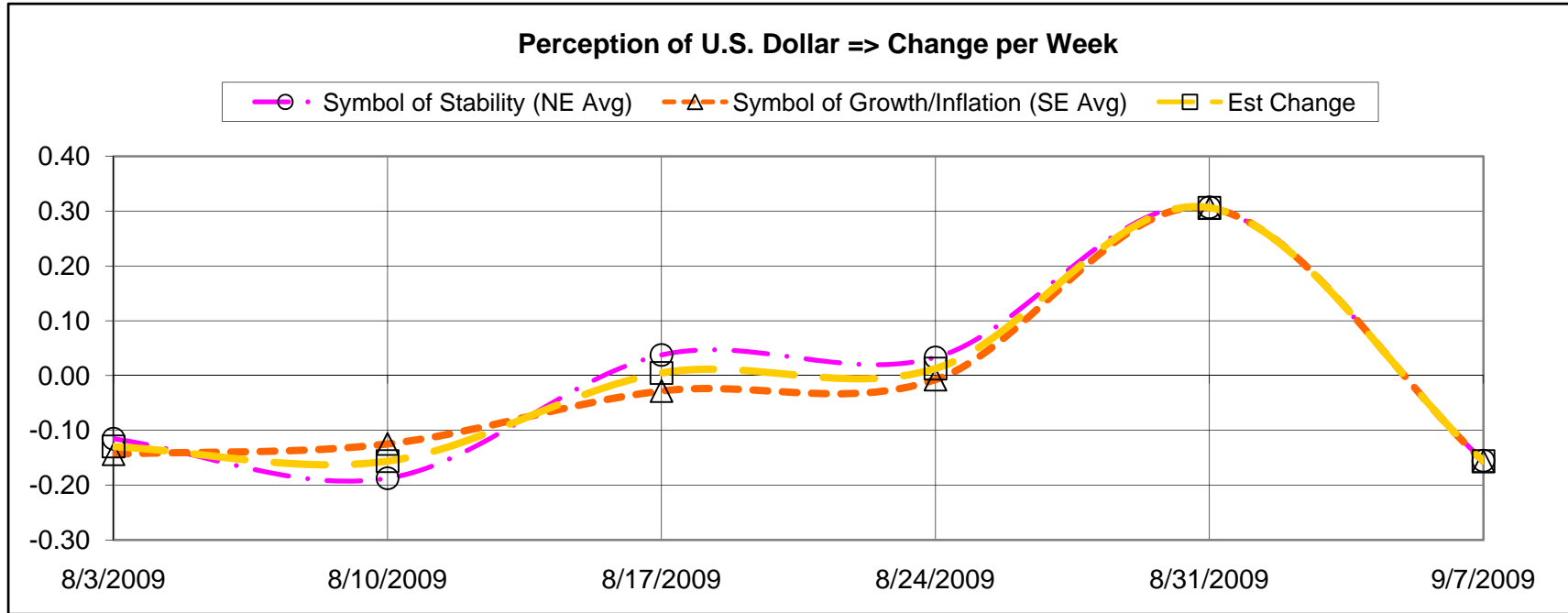


Explanation of chart lines: It is common knowledge among traders that movement in the stock market is based on a “tug of war” between pairs of sentiment. This charts the two primary pairs which correspond to the general stock market trend. “Aggressive vs Protective” is the difference of the values of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

As the summer rally nears completion, there should be very little observable trend (Aggressive vs. Protective close to zero), although high volatility is possible at any time. At some point after the 17th, things should begin to look increasingly ominous. However, markets could continue to be counter-intuitive until something jolts them back into reality. Such a “jolt” is likely after the 24th.

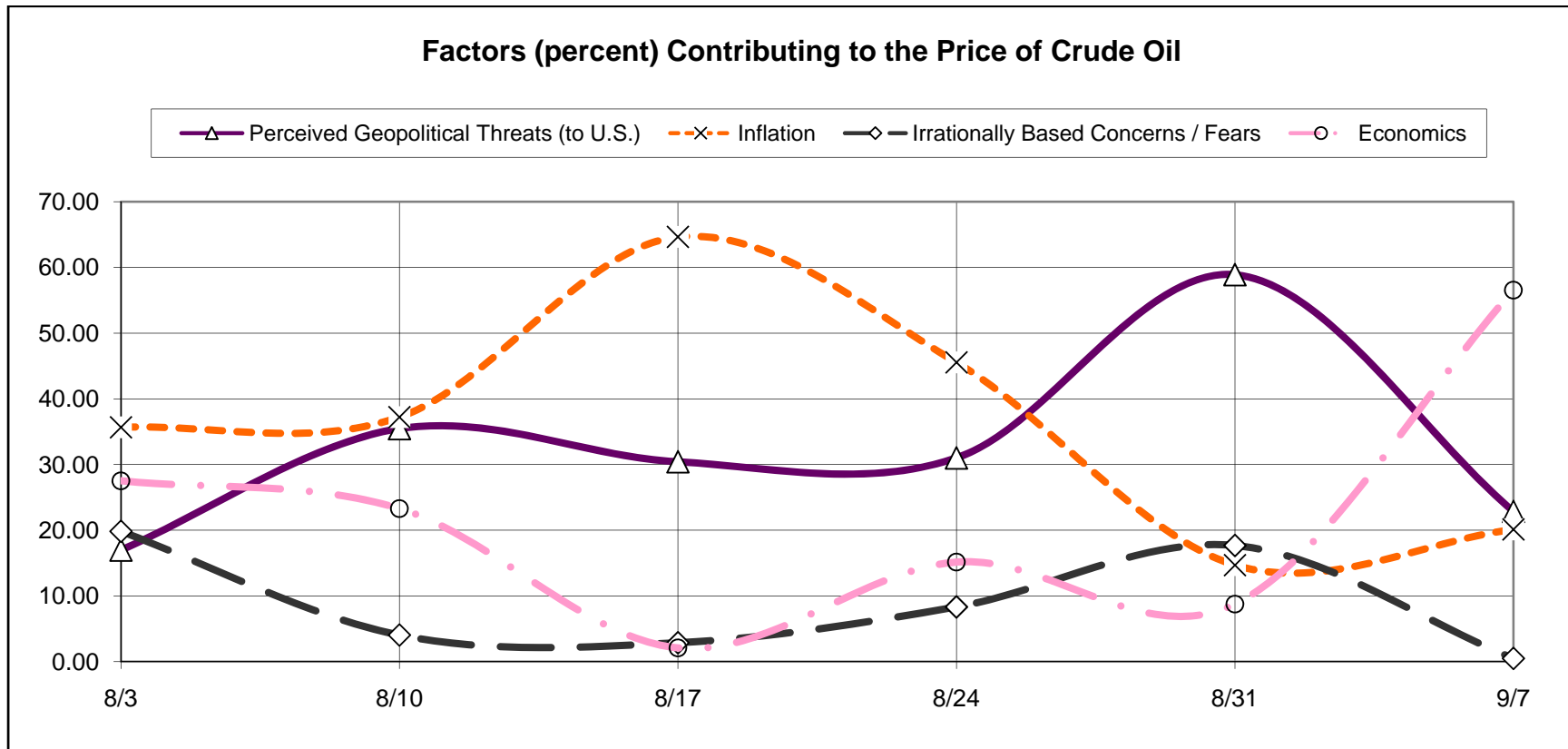


<p><i>Mild Panic!</i> <i>The U.S. government is perceived to be in a mild panic (Directing / Somber) to take care of a pressing matter.</i></p>	<p><i>Paralyzed, and Badly Viewed</i> <i>U.S. government is perceived to be in a stagnant moment. Public opinion should be extremely low (entropy factors high).</i></p>	<p><i>The Set Up</i> <i>Potential for a new crisis builds as Manic climbs.</i></p>	<p><i>IT Hits the Fan!</i> <i>New opportunities for the government to appear less than competent (Manic peak).</i></p>
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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.*

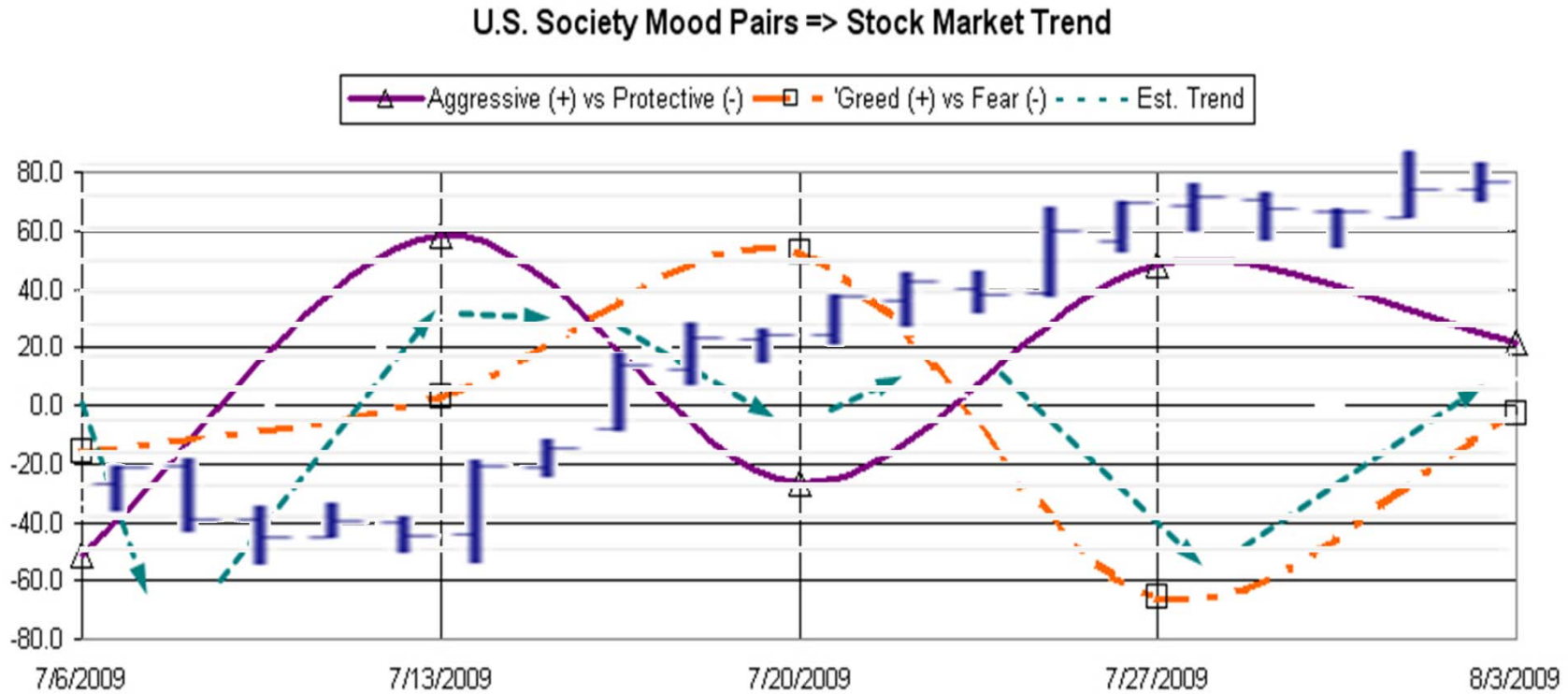
The Dollar may look like it’s on shaky ground the first half of August. However, as geopolitical tensions rise and social mood begins to turn negative, the Dollar could rally quite a bit. It may then have to give a little of that rapid climb back some as September begins.



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.*

The two primary concerns this month affecting commodity prices are inflation and geopolitical escalation. Inflation concerns should peak (and the U.S. Dollar should bottom) mid month. Geopolitical concerns start to come into focus early in the month. However, concerns become strongly exacerbated after the 24th. As September begins, look for the beginning of a global economic crisis. The U.S. Dollar should climb along with the geopolitical tension surge..

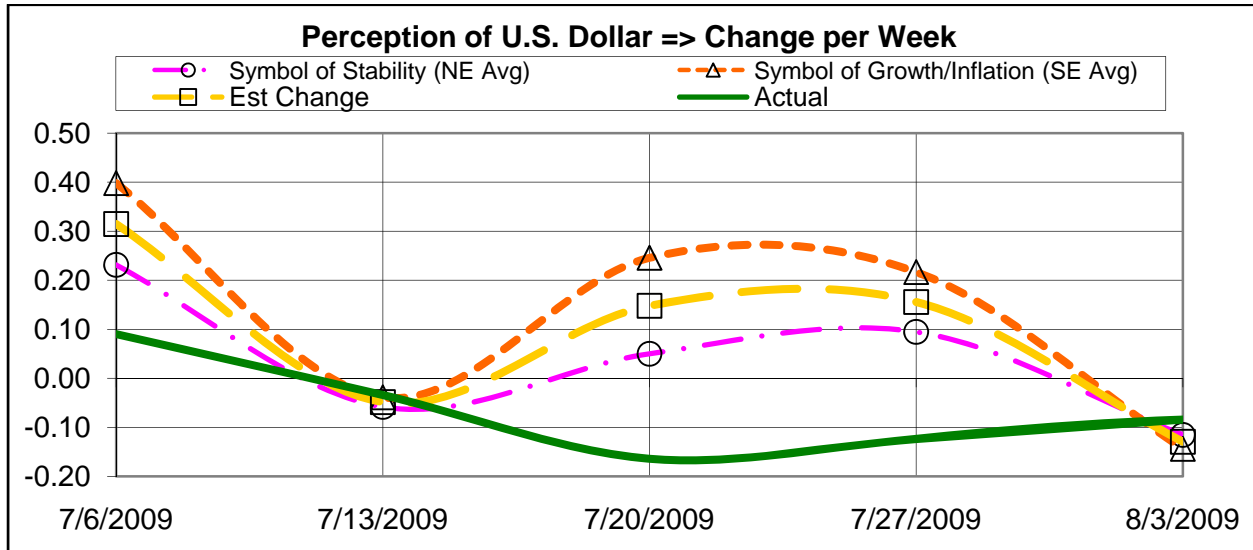
How We Did – Comparing our Charts with Actuals



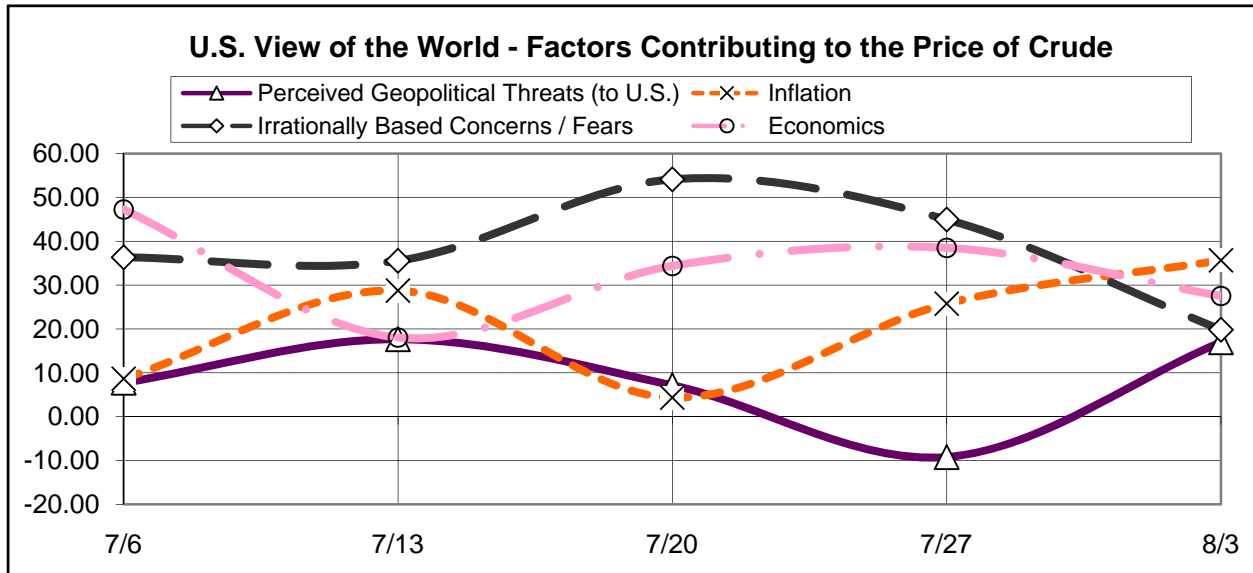
Actual data source: futuresource.com

S&P (from previous issue): A sharp decline is possible 7/6 – 7, followed by a choppy upward climb through 7/10. Markets should be down to sideways 7/13 – 7/28, with a possible steep decline possible 7/23 – 27. A rally of sorts is possible at month's end. **Actual: END OF TREND ALERT!** There was NO correlation with our models (and the underlying mood). This unusual occurrence signals a climax—a blind last mad rush at the end of a trend.

How We Did – Comparing our Charts with Actuals



Dollar (from previous issue): The Dollar is primarily on an upward trend the entire month (E Avg > 0). Greatest upward momentum is near 7/6. Look for pullback 7/9 – 16, and after 7/28. Actual: The Dollar declined 7/9-16, as forecast, stabilized and climbed through 7/29, and then pulled back once again.



Crude factors (from previous issue): The economy is the prime concern through 7/7. The remainder of the period, crude is supported primarily by concerns or fears of an irrational nature. Inflation is much less of a concern this month than it has been for some time, consistent with an outlook for a rising Dollar. There is little perception of actual geopolitical threat to the U.S. Actual: Crude declined with the stock market through the 7th reflecting economic concerns, then stabilized and climbed through 7/27. The climb was purely irrational, and not reflecting of fundamentals, so much so that investigations began into limiting crude trading. Prices collapsed through the 29th, but then rose into weeks end reflecting the indicated higher inflation concerns, as forecast.

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.

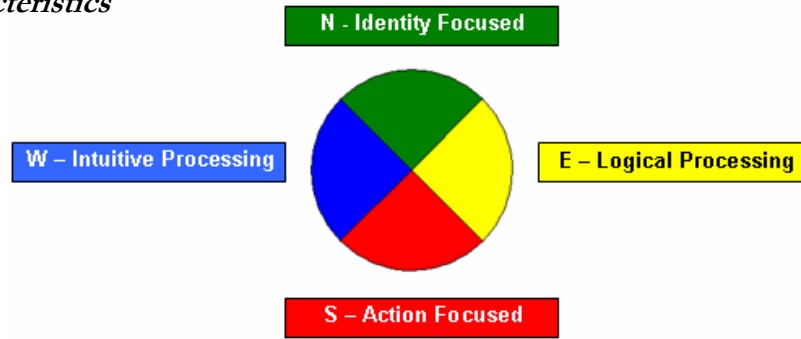
MoodCompass was Born

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:

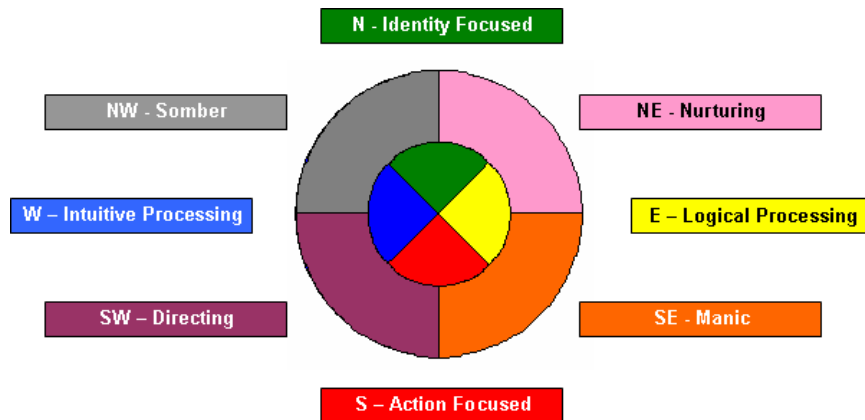
Primary Characteristics



Hybrid Characteristics



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.



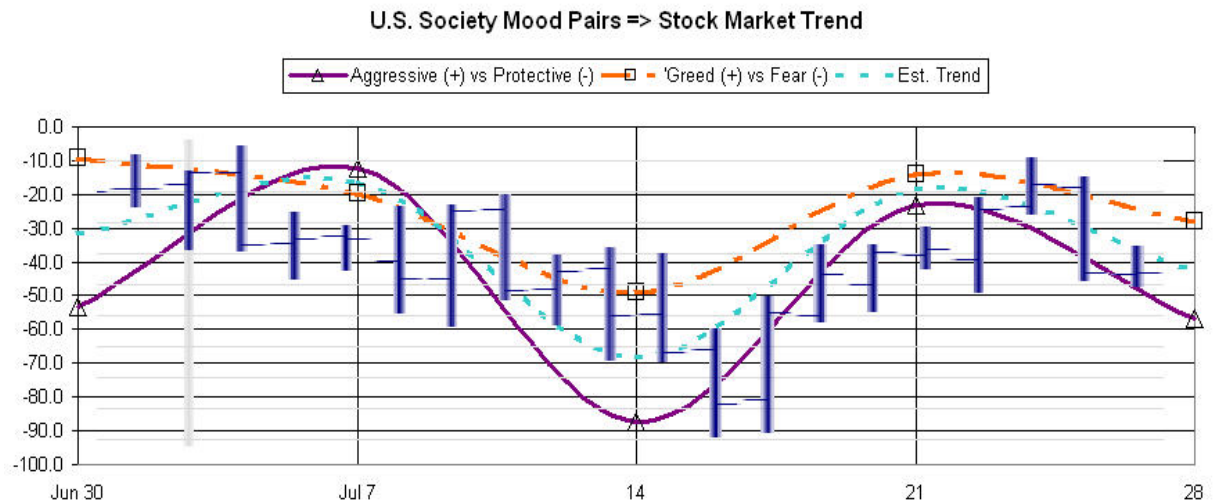
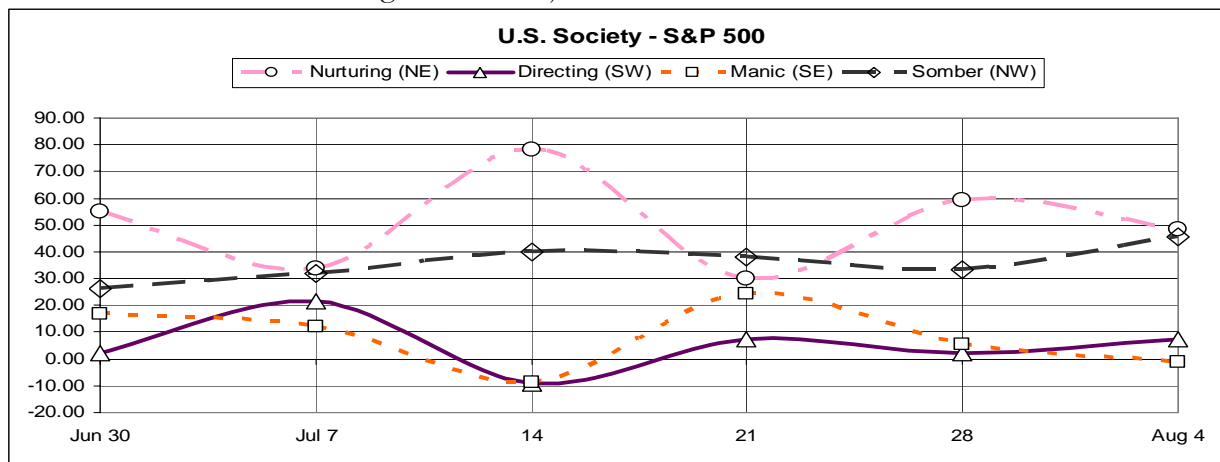
Tracking Profiles Over Time

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 oscillate 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:

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Thanks for your support!