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

August 2010

Highlights: Pervasive global destabilization · Wide-spread social turmoil
· Elevated economic risk · Increasing geopolitical uncertainty

August 2010 – Global Destabilization

There is an unusual destabilizing configuration that appeared briefly in April, May and June. This configuration of both entropy factors working together did not appear at all in the month of July. In August, however, it runs solid throughout the entire month. If July was the edge of the cliff, August may be the first few steps off of it.

Socially, global unrest should continue to increase with Asia being of particular concern. Geopolitical tension should be quite high with several hot spots ready to erupt or escalate at the slightest provocation. Again, Asia is a focal point. The fabled economic recovery continues to be extremely fragile. Will it be able to tolerate such an unstable global scenario?

Highlights:

Aug 2 - 30: *Pervasive Instability* Pervasive global destabilization. Wide-spread social turmoil. The U.S. government is seen as ineffective or in crisis.

Aug 19-26: *World on Edge* Geopolitical concerns are elevated. The U.S. Dollar declines sharply.

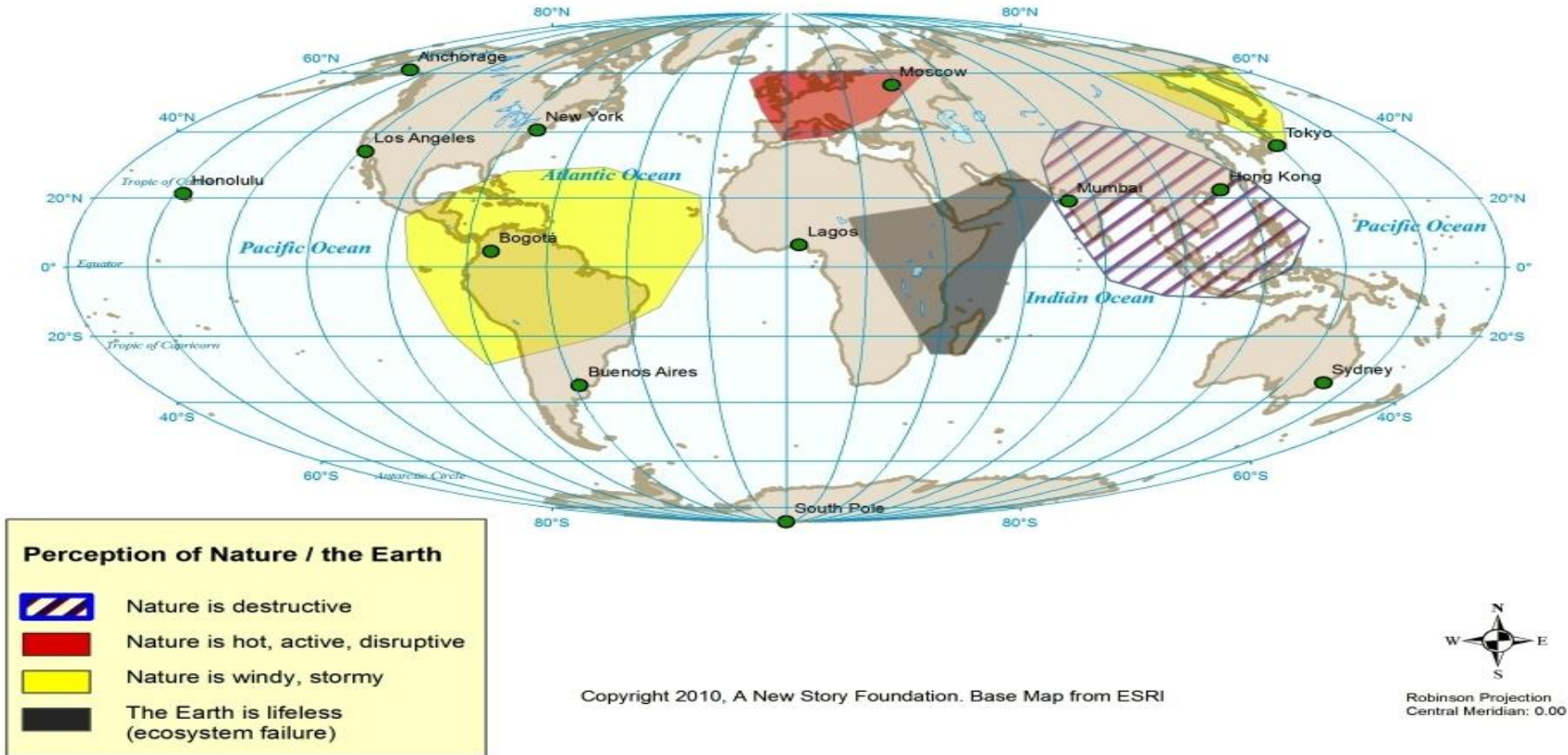**Aug 26-30:** *The Natives are Restless* Significant increase in civil unrest.

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 ().

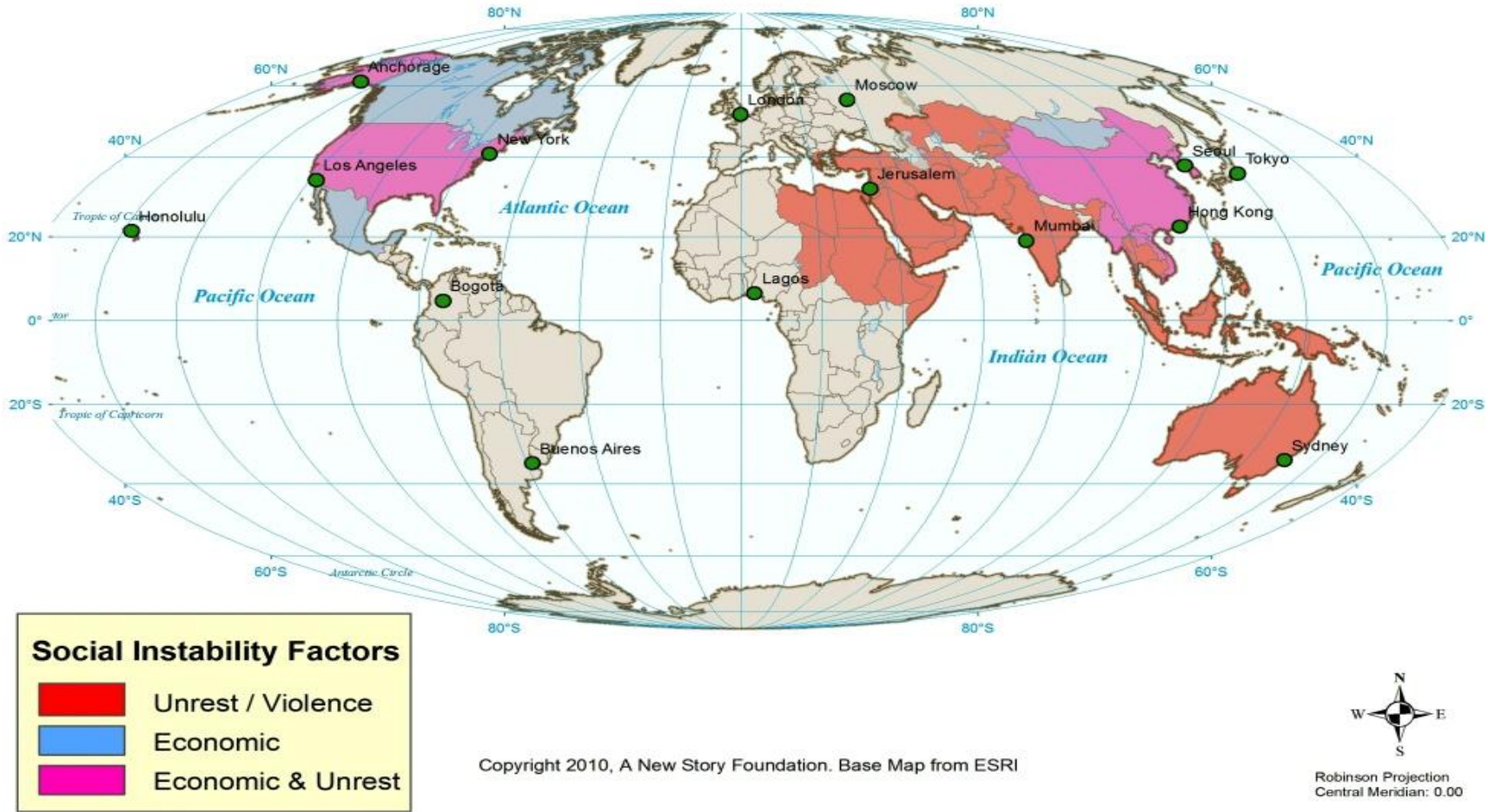| Date Range	Summary of Chart Indications
8/2 - 30	Pervasive global destabilization (7b). Society in turmoil (8a). U.S. Government ineffective or in crisis (8b). Economic concerns elevated (10).
8/19 – 23	Geopolitical concerns elevated (10).
8/19 – 26	U.S. Dollar declines (9a).
8/26 – 30	Increase in civil unrest (8a).

Human Perception of Nature - August 2010

Perception of Nature / the Earth

- Nature is destructive
- Nature is hot, active, disruptive
- Nature is windy, stormy
- The Earth is lifeless (ecosystem failure)

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Robinson Projection
Central Meridian: 0.00

In anthropomorphic terms – The Earth is *UNSTABLE/HOT/UNHEALTHY* – Ecosystems are unstable and vulnerable to opportunistic species/disease. Excessive heat may be a problem.
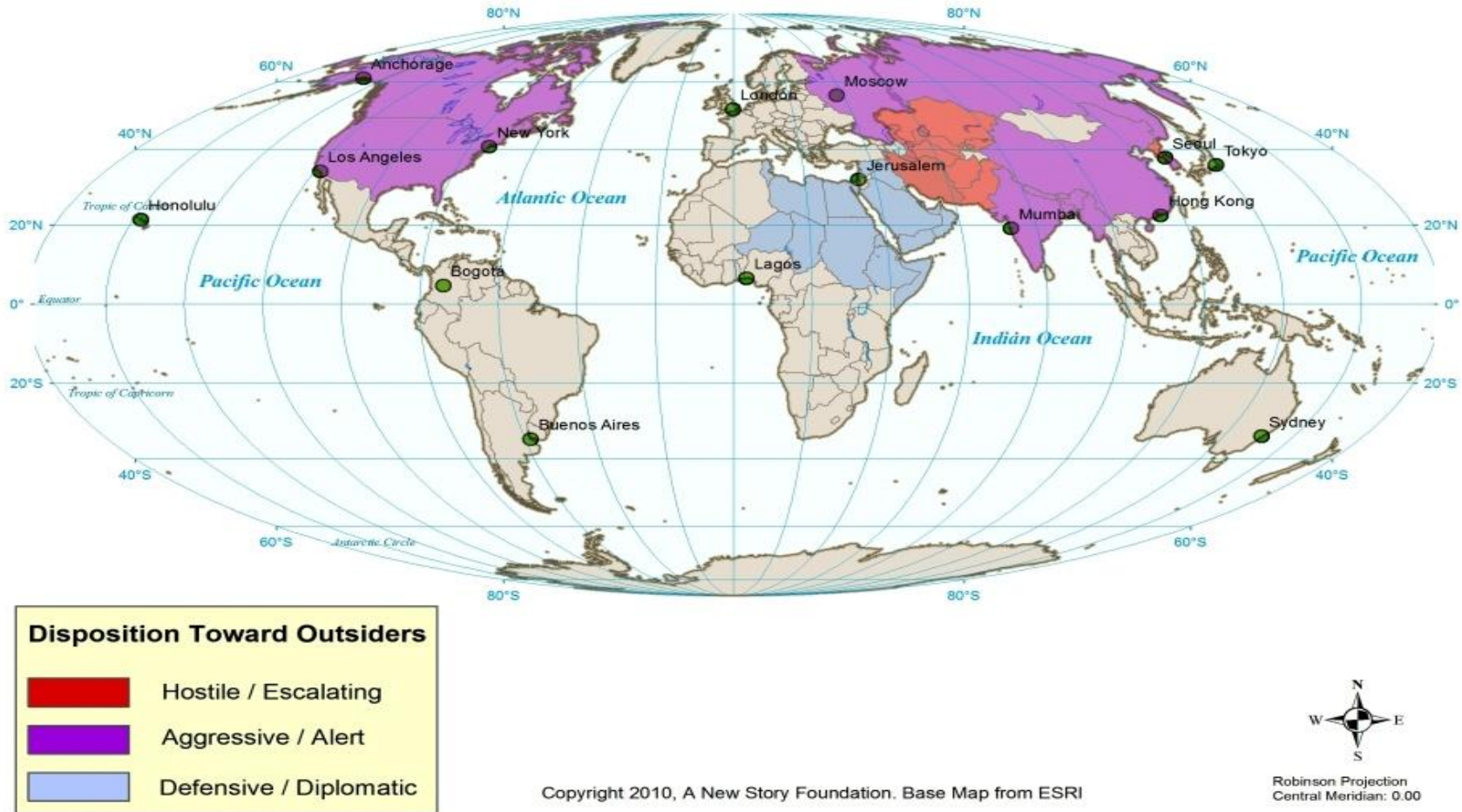
Possible physical manifestations – The Earth is viewed as **HOT/DISRUPTIVE** in Europe and the Mediterranean. Watch for heat waves and/or unstable weather. Nature is seen as **DESTRUCTIVE** in South Asia. This could be due to storms and/or flooding. There is risk for water borne disease and/or opportunistic species bloom. Nature is **WINDY/STORMY** in Central and South America, and in East Asia. The Earth is seen as **LIFELESS** in East Africa and the Southern Arabian Peninsula. This likely reflects ecosystem collapse/failure.

Social Instability Factors - August 2010

Social Instability Factors

- Red: Unrest / Violence
- Blue: Economic
- Magenta: Economic & Unrest

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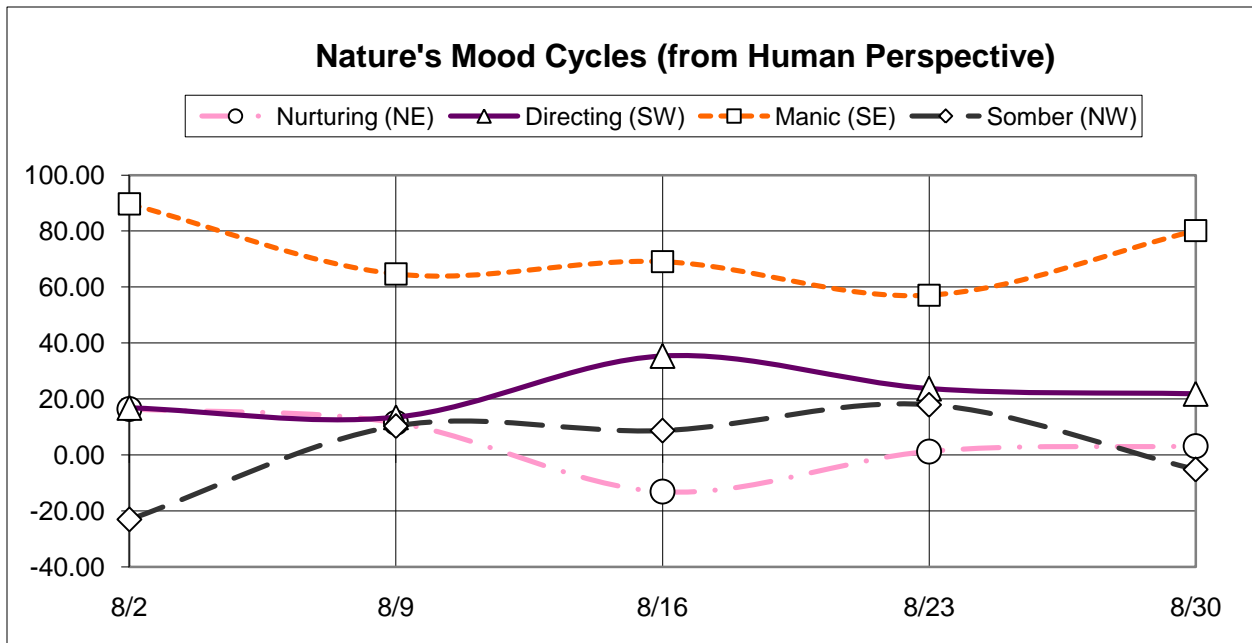
Robinson Projection
Central Meridian: 0.00

Economic news in August should continue to cause concern, especially in North America and China. In general, people are increasingly agitated, with much of the world at high risk for unrest. Manifestations of instability and flare-ups of violence are likely. Asia is of particular concern.
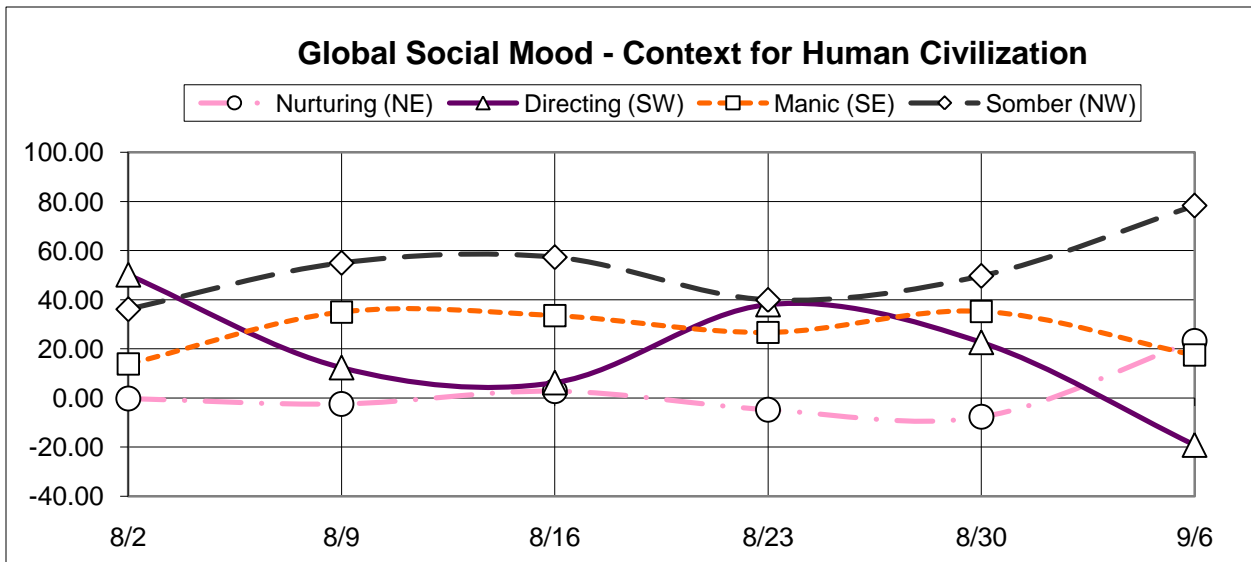
Projected Geopolitical Posturing - August 2010

Disposition Toward Outsiders

- Hostile / Escalating
- Aggressive / Alert
- Defensive / Diplomatic

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Robinson Projection
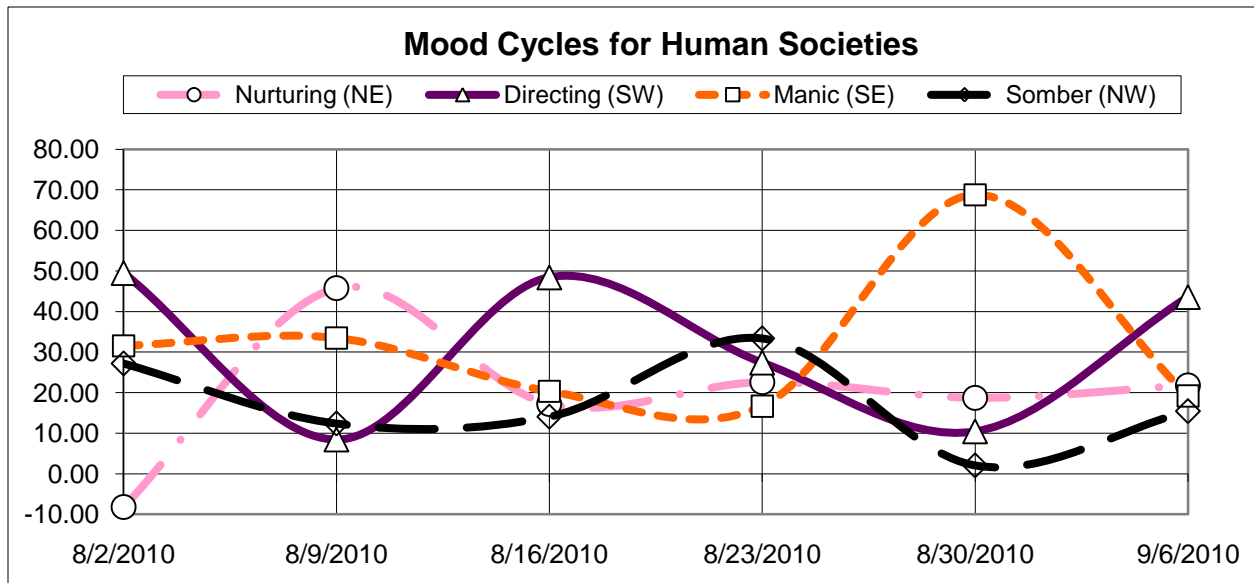Central Meridian: 0.00

Global tension is elevated and pervasive. Watch for developing geopolitical hotspots in Iran, Korea, and the "stans" (Pakistan, Afghanistan, Kazakhstan, Kyrgizstan, Uzbekistan, etc).

Nature's Mood Cycles (from Human Perspective)

Legend: Nurturing (NE), Directing (SW), Manic (SE), Somber (NW)

Unstable	*Energetic, unstable*	
Minor quakes and unstable weather likely. Dying ecosystems may be observed.	*High energy in system makes vigorous storms possible. Opportunistic species may flourish (SE/SW). Ecosystem breakdown enhanced. High heat could be an issue (S).*	

Global Social Mood - Context for Human Civilization

Legend: Nurturing (NE), Directing (SW), Manic (SE), Somber (NW)

GLOBAL DESTABILIZATION	*Relief*
The unusual and disturbing pattern of both entropy factors in parallel runs throughout the month of August. However this manifests, it should be experienced as extremely destabilizing to the global human system.	*The pattern changes, with relief the most likely response.*

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Mood Cycles for Human Societies

Legend: Nurturing (NE), Directing (SW), Manic (SE), Somber (NW)
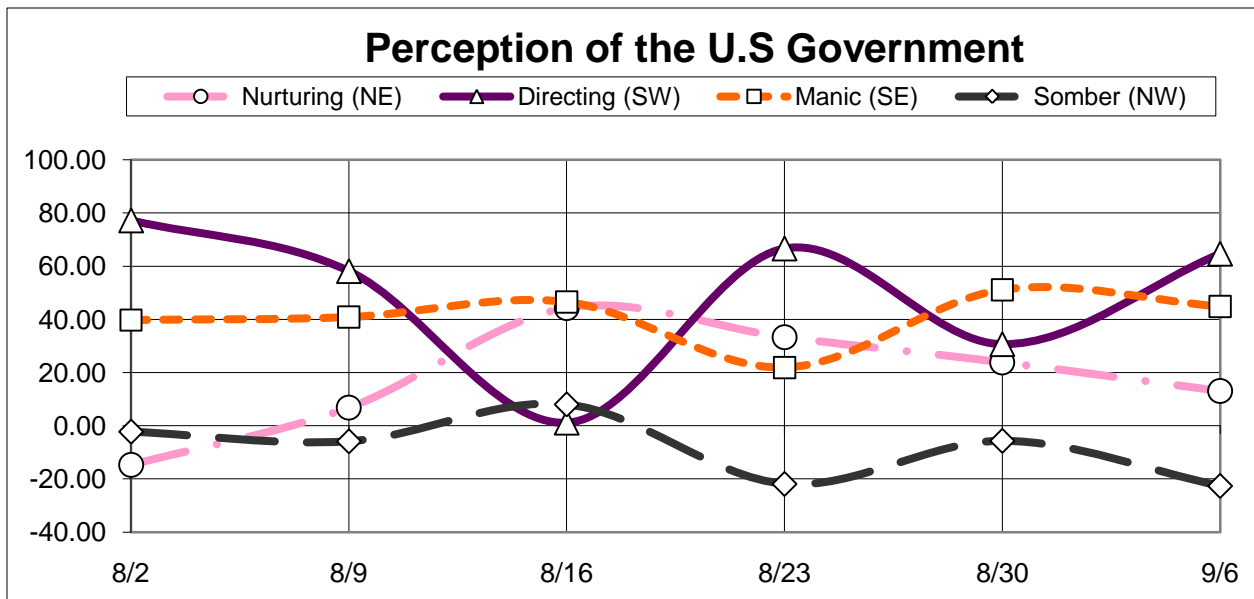
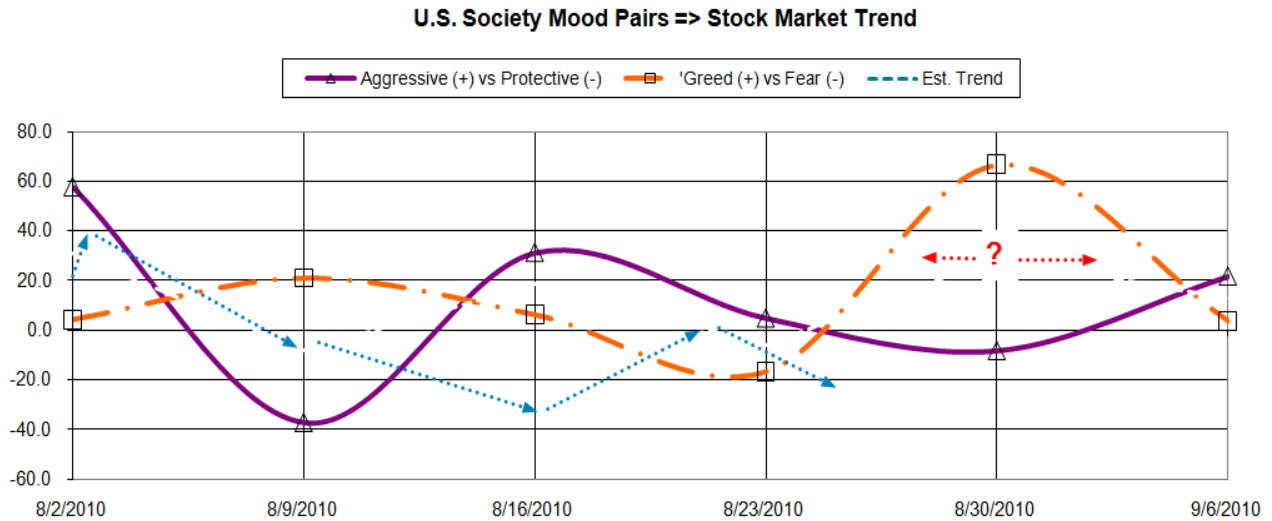| *Society in Turmoil* *People don't know how to feel or respond to the global situation, and/or the situation at home.*	*Unstable/Uncertain* *An extreme Manic surge reflects instability and uncertainty. Possible increase in unrest and protests.*	

Perception of the U.S Government

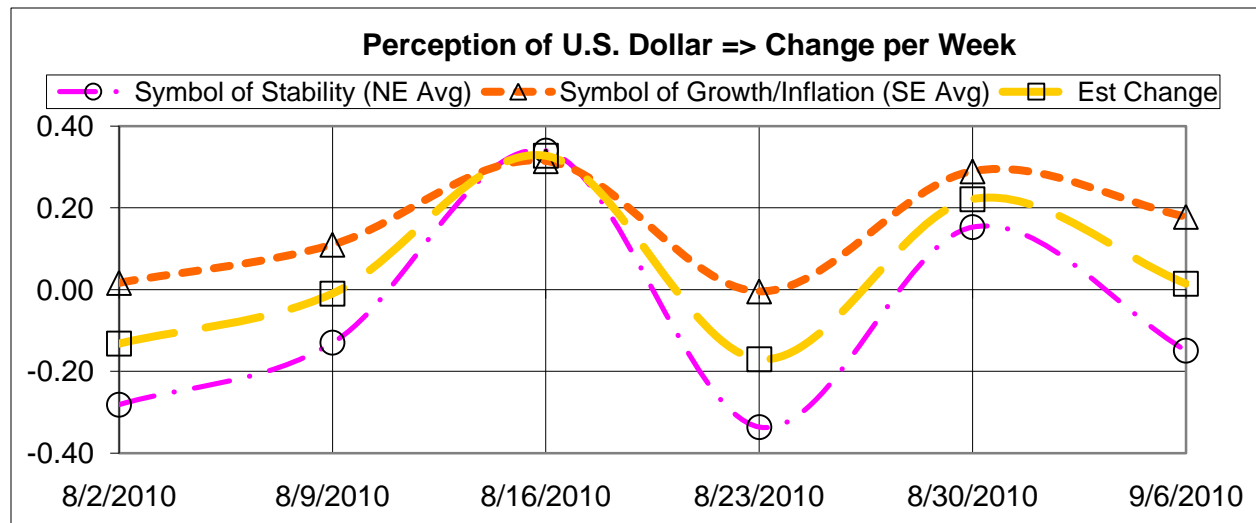Legend: Nurturing (NE), Directing (SW), Manic (SE), Somber (NW)

Government ineffective and/or in crisis
Entropy factors in parallel the entire period reflect a perception of an ineffective or unstable U.S. government.

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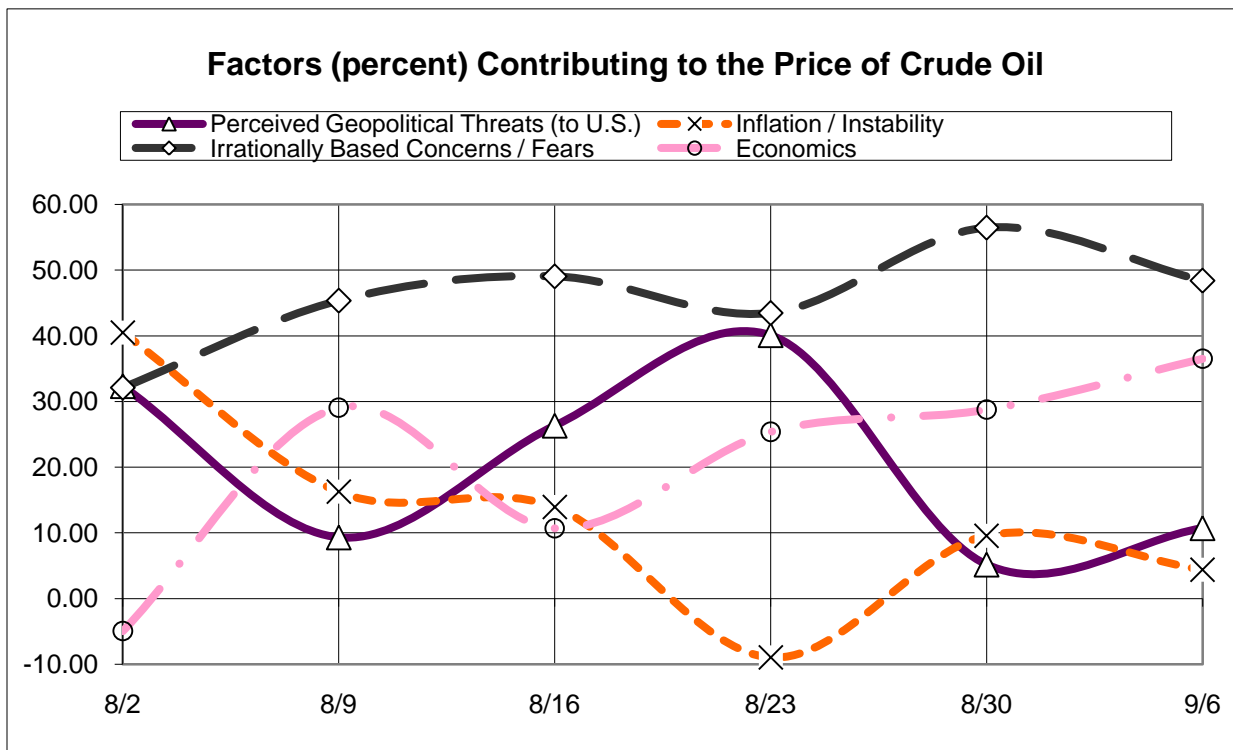**U.S. Society Mood Pairs => Stock Market Trend**

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."*

High volatility with unclear direction is indicated. However, often "unclear direction" is indicated at major trend changes. An end to the "summer rally" would be consistent with the global destabilization indicated elsewhere.

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 U.S. Dollar should pause in its decline. However, the timeframe of 8/19- 8/26 could be extremely negative for the Dollar.
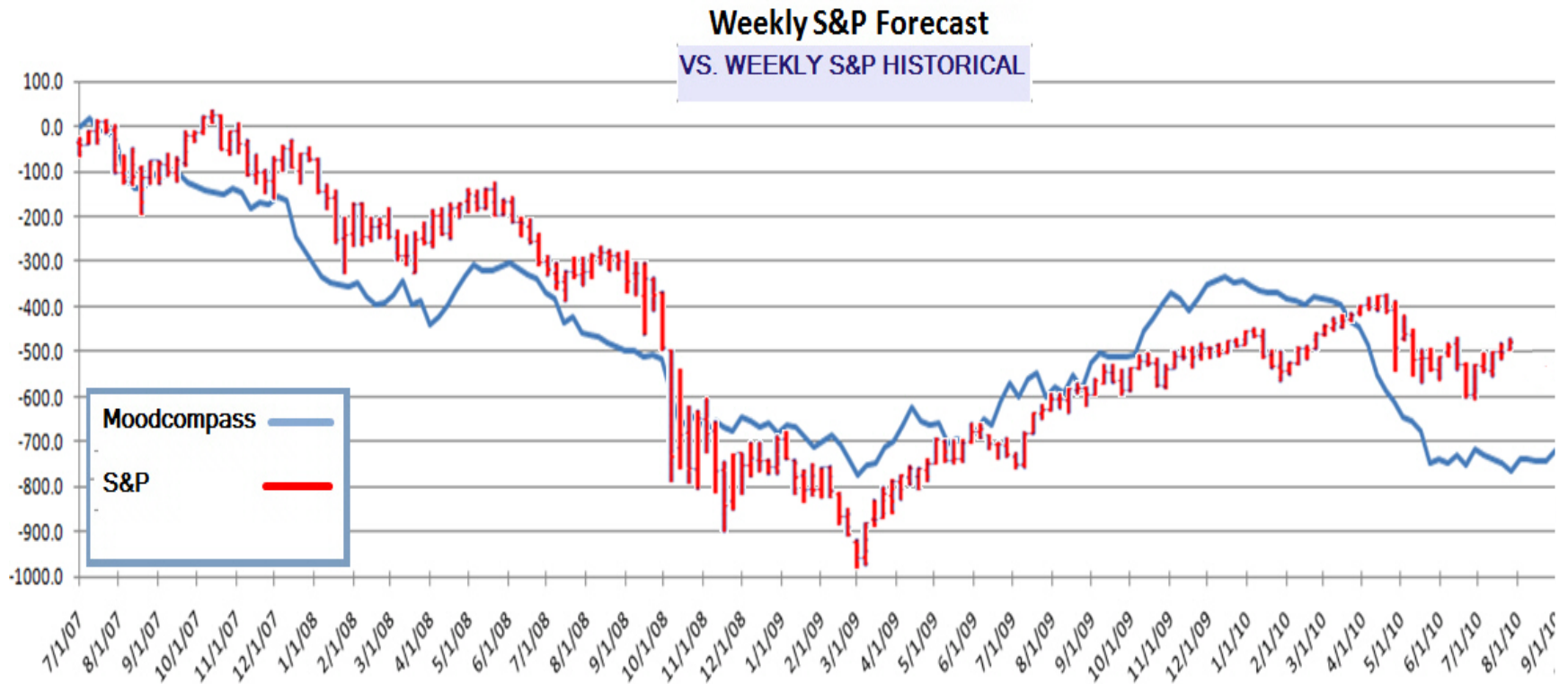
Factors (percent) Contributing to the Price of Crude Oil

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

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.*

Crude prices should lose ground throughout most of the month. The highest likelihood for geopolitical worries is August 19 – 23. Economic concerns remain elevated throughout the month, coupled with concerns with deflation.

Tracking MoodCompass Performance

One of the best objective measures of the oscillations of social mood is the stock market. The stock market goes up and down with *expectations* of how well (or bad) things will be in the near future, and there is an abundance of minute by minute data. The chart below compares the output of a model generated from published *Moodlines*, and compares them with actual weekly S&P prices (S&P data from futuresource.com).

Weekly S&P Forecast
VS. WEEKLY S&P HISTORICAL

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.
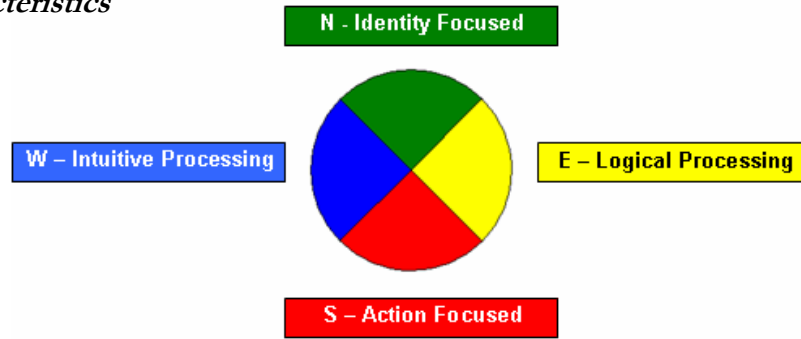
MoodCompass was Born

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:
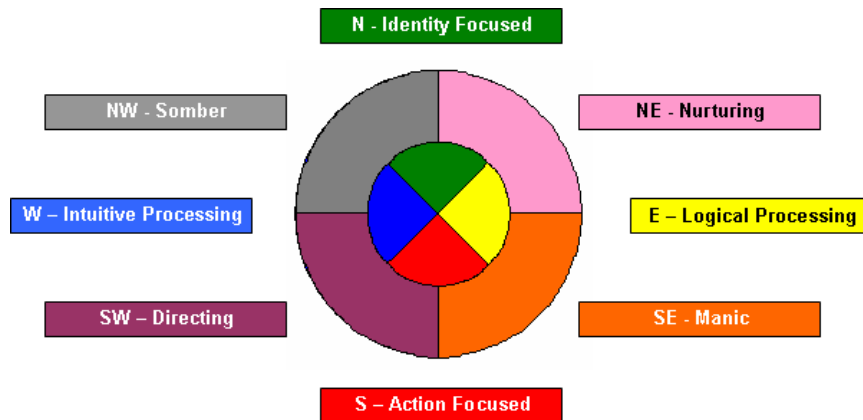
Primary Characteristics

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.
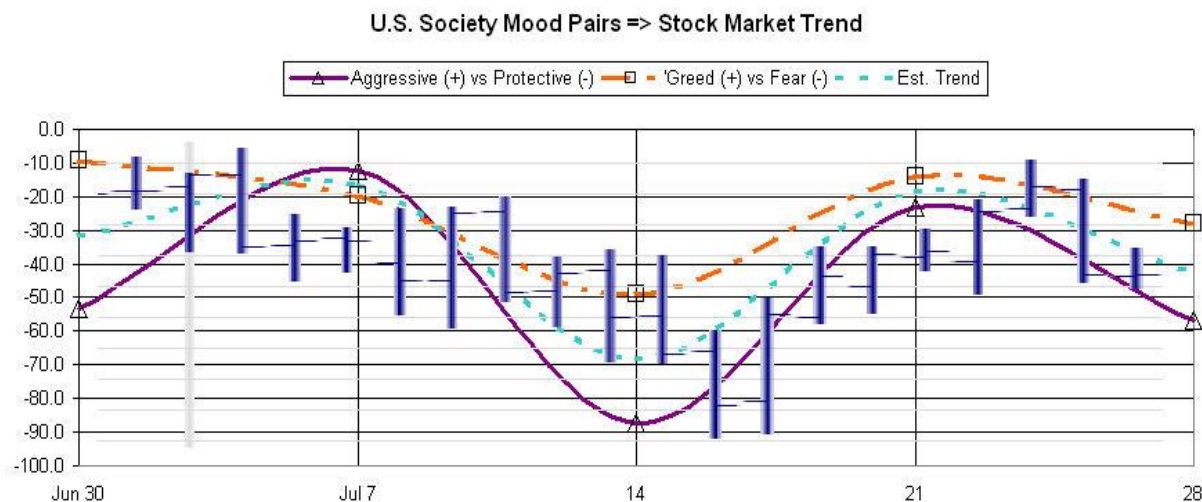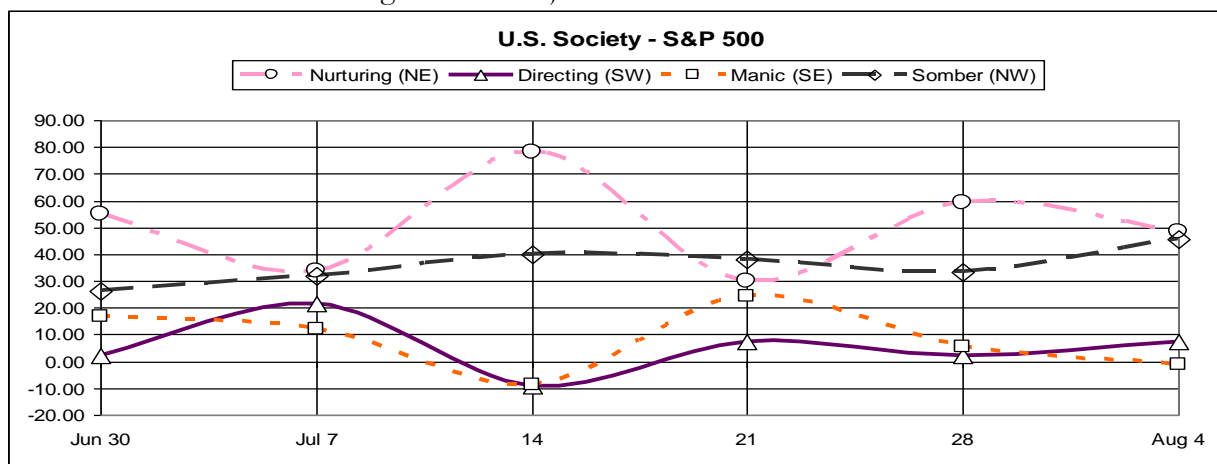

Tracking Profiles Over Time

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 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:

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Our Website: http://anewstory.org

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Thanks for your support!