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

December 2010

Highlights: Economic crisis · Widespread social unrest, violence ·
Geopolitical crisis· Market volatility · U.S. government crisis

December 2010 – Turmoil, Panic, and Gridlock

The Grinch may very well steal Christmas this year. December is looking to be a month of crises: economic meltdowns and high market volatility; geopolitical situations at critical levels; widespread social turmoil and civil unrest; and governments whose leadership is sorely needed, found to be paralyzed in gridlock.

The natural world looks to be a big part of the headlines this month as well. Forecasted human perception of the natural world is full of extremes, including possibilities of increased volcanic activity in South America and major storms in North America.

What is striking about all of this is that it shows up at all. This is a season where traditionally people want to focus on family and the holidays. However, this year, it appears that something could be unusual or shocking enough to provoke moderate panic responses on a societal level. This year, something is different. We began the year saying that in 2010 "the bill comes due, the party's over." The big consumption party, and the year, may be finishing up together.

Highlights:

Nov 29 – Dec 8: Whatever. Apathy and bewilderment on a societal scale. Increased hate and intolerance. U.S. government in gridlock. Stock market completing near term topping process. Global situation becoming serious.

Dec 9 – Dec 13: Looking Serious. Global situation increasingly serious. Moderate societal panic. Stock market in decline; large moves likely.

Dec 14 - 17: Economic Crisis. Economic concerns reach extremes. Moderate societal panic. Stock market in decline; large moves likely. Global leaders scrambling to maintain calm, peace, order. Strong U.S. government leadership required, but provides little impressive action.

Dec 18 - 26: Turmoil. Moderate societal panic. Large market moves likely. Global leaders scrambling to maintain calm, peace, order. Strong U.S. government leadership required, but provides little impressive action.
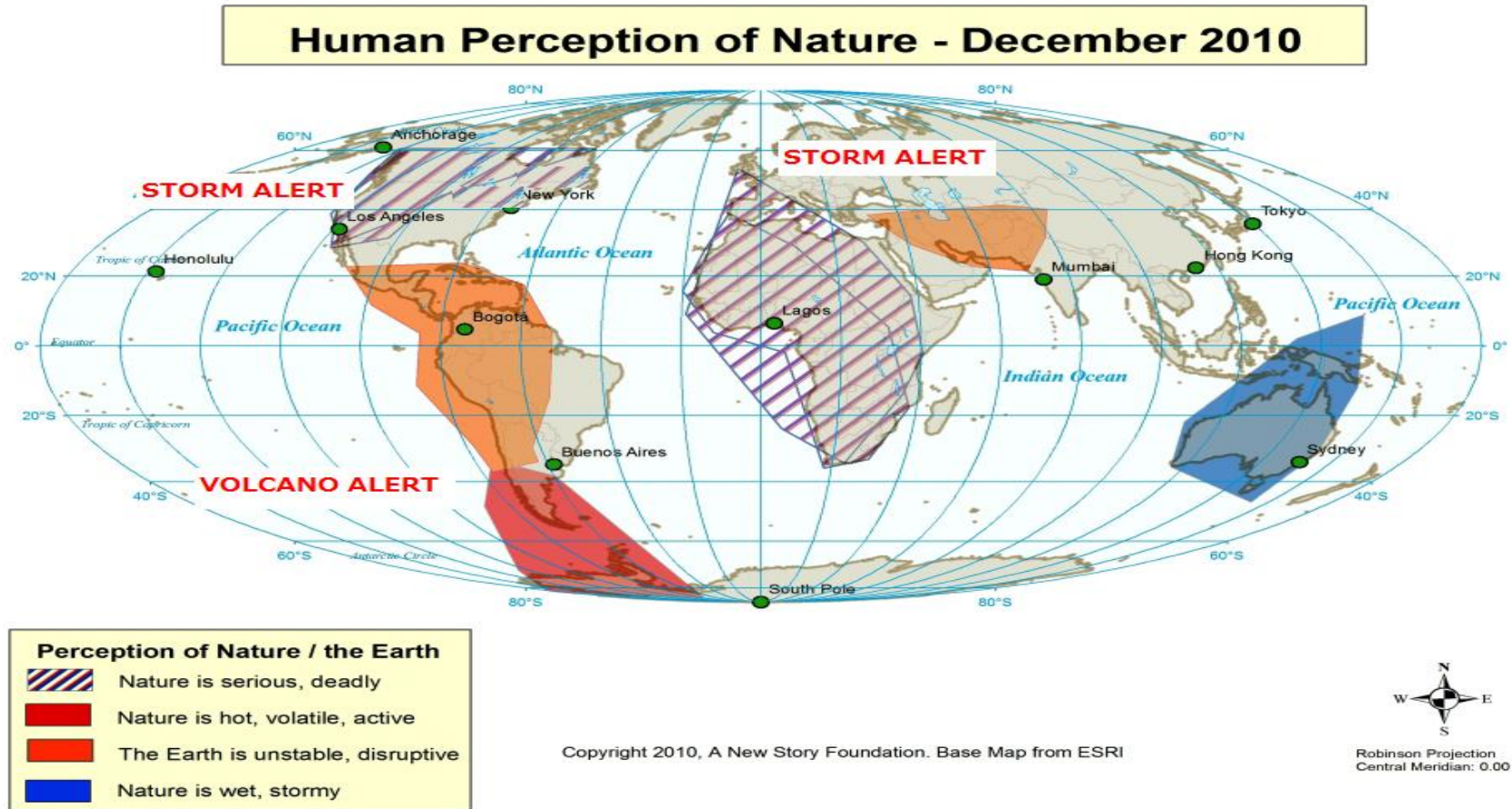
Dec 27 – Jan 2: Geopolitical crisis. U.S. government in panic mode. Global leaders scrambling to maintain calm, peace, order. Societal apathy; turning away from international issues or responsibilities.

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
11/29 – 12/8	Apathy, bewilderment on a societal scale; increased hate and intolerance (8a).
12/1 – 9	U.S. Government in gridlock (8b).
12/1 – 10	Near term stock market top; decline begins (9a).
12/1 – 14	Global situation becoming serious (7b).
12/9 – 27	Moderate societal panic; large market moves likely (8a).
12/10 - 26	Strong U.S. government leadership needed, but little action apparent (8b).
12/13 – 17	Economic concerns at a maximum (10).
12/15 – 1/2	Global leaders scrambling to maintain calm, peace, order (7b).
12/27 – 1/2	Geopolitical crisis (10). U.S. government in panic mode (8b).
12/28 – 1/2	Apathy; societal turning away from international issues or responsibilities (8a).

Human Perception of Nature - December 2010

In anthropomorphic terms – Nature is *BUSY* – expect widespread incidents of natural events in the news throughout the month.

Possible physical manifestations – Nature is viewed as **SERIOUS/DEADLY** in much of N. America. The most likely event(s) would be **major winter storms**. Nature is seen as **hot, volatile and active** in the Patagonia area of S. America; watch for increased **volcanic activity**. The Earth is seen as **UNSTABLE/DISRUPTIVE** through middle and much of S. America. Increased **tectonic activity** is possible. Nature is **WET/STORMY** for residents of Australia, Papua New Guinea and Indonesia. **Heavy rainfall** is likely.

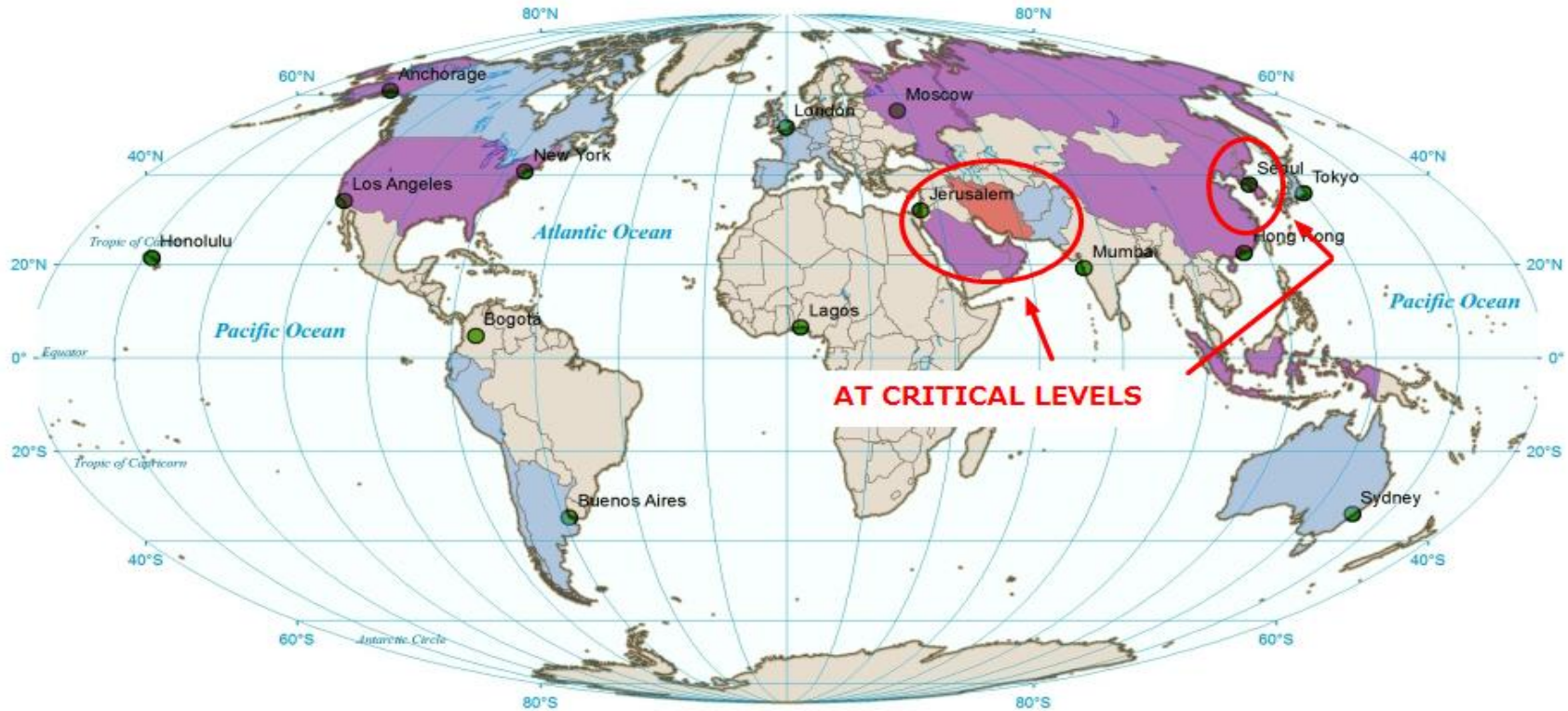## Social Instability Factors - December 2010

Civil unrest and violence could become extreme in December. With the "unrest" or high Manic configuration a dominant global theme, terror attacks, attempts, or terror-related concerns are likely to continue to be a subject of increased attention. Economic concerns are most likely in Europe, Canada, and parts of Asia.
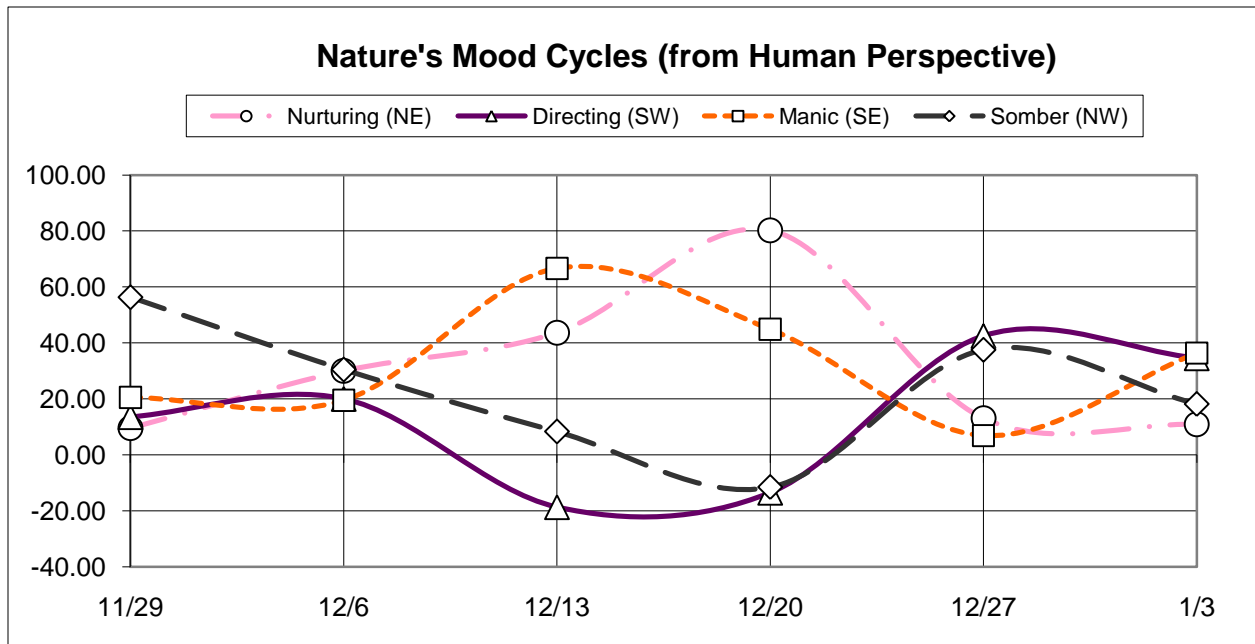
Projected Geopolitical Posturing - December 2010

Disposition Toward Outsiders

- 🟥 Hostile / Escalating
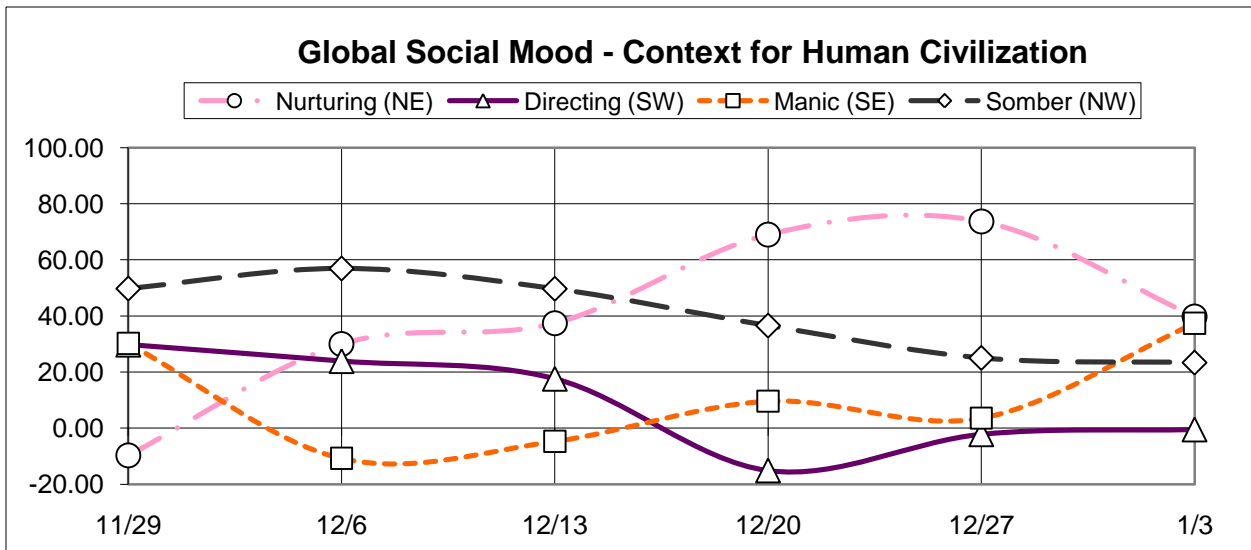- 🟪 Aggressive / Alert
- 🟦 Defensive / Diplomatic

Copyright 2010, A New Story Foundation. Base Map from ESRI
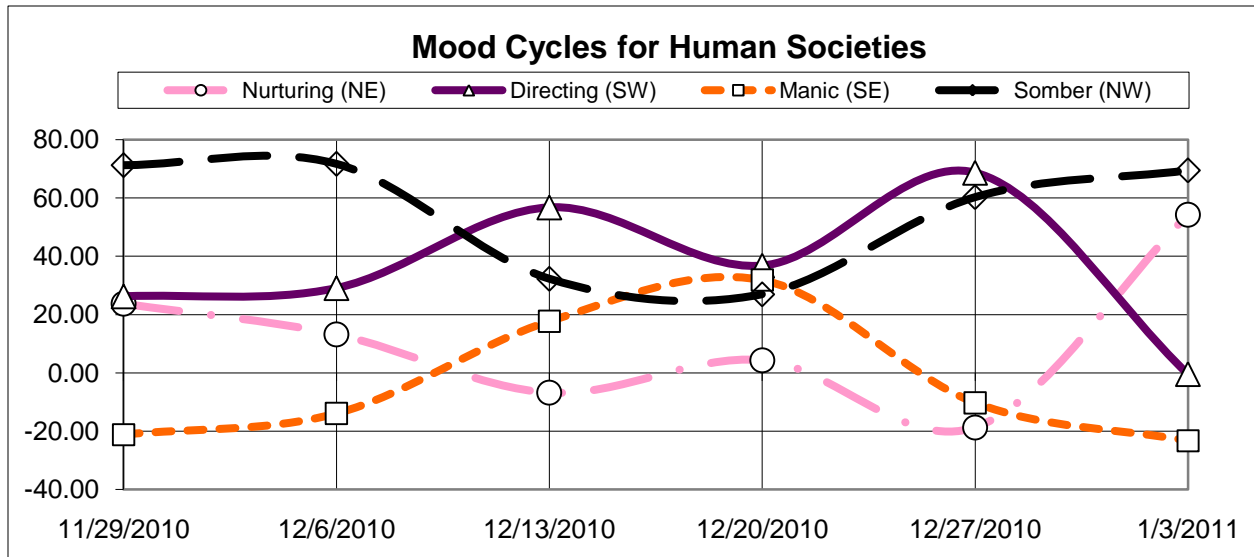
Robinson Projection
Central Meridian: 0.00

The geopolitical focus of the month is the Middle East., and possibly Korea as well The situation is likely to reach critical levels.
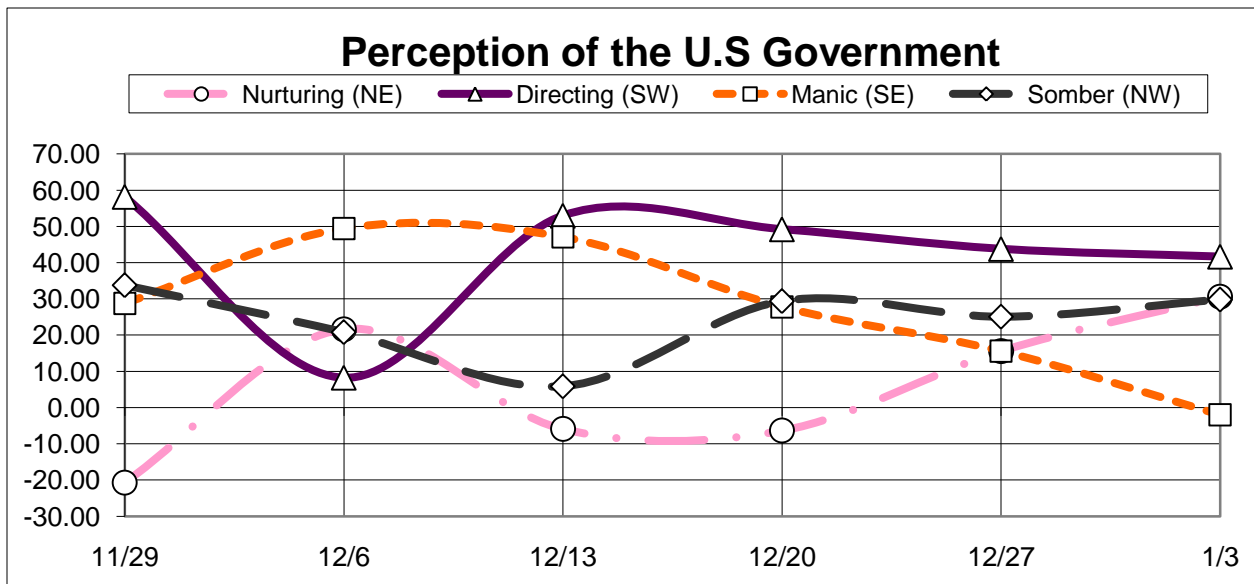
Nature's Mood Cycles (from Human Perspective)

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

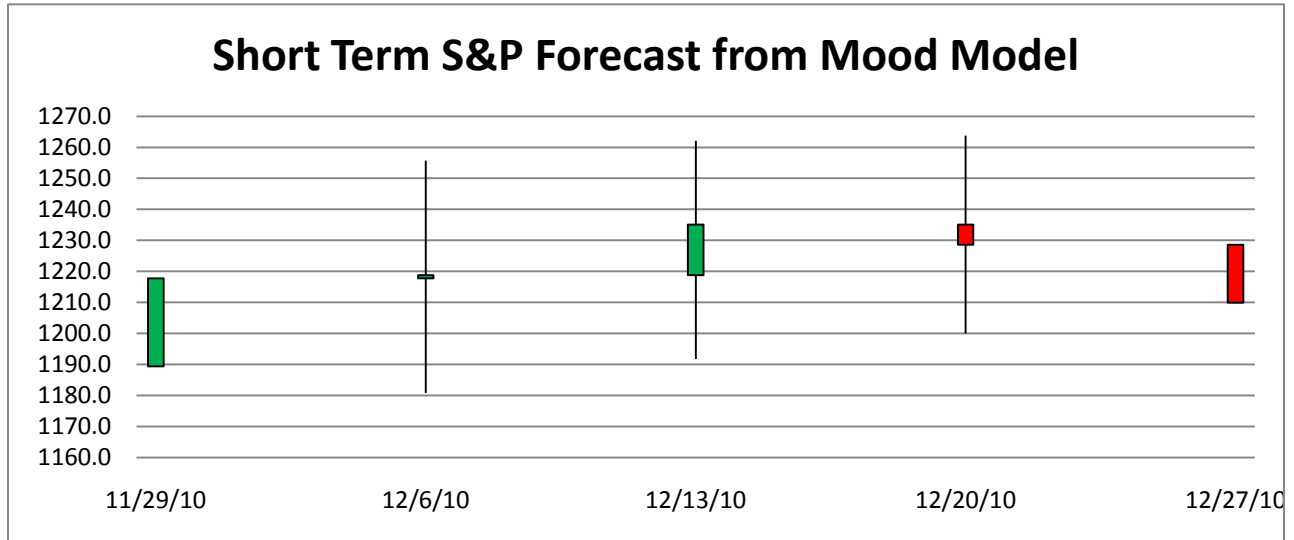|	*Serious*	*Storms / Bad Water*	*Panic*
	Likely serious events (NW).	*Possible stormy weather (E). More Haiti news could be in the forecast with rising cholera cases (SW-, W-).*	*Panic causing event(s) possible (W, SW).*

Global Social Mood - Context for Human Civilization

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

	It's Getting Serious	*Scrambling for Safety, Security*
	Global situation becoming serious (NW). Harsh consequences from or in response to global leaders (NW, N).	*Heightened safety seeking behaviors (NE). Global leaders scrambling to restore or maintain calm, peace, order (NE, N).*

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Mood Cycles for Human Societies

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

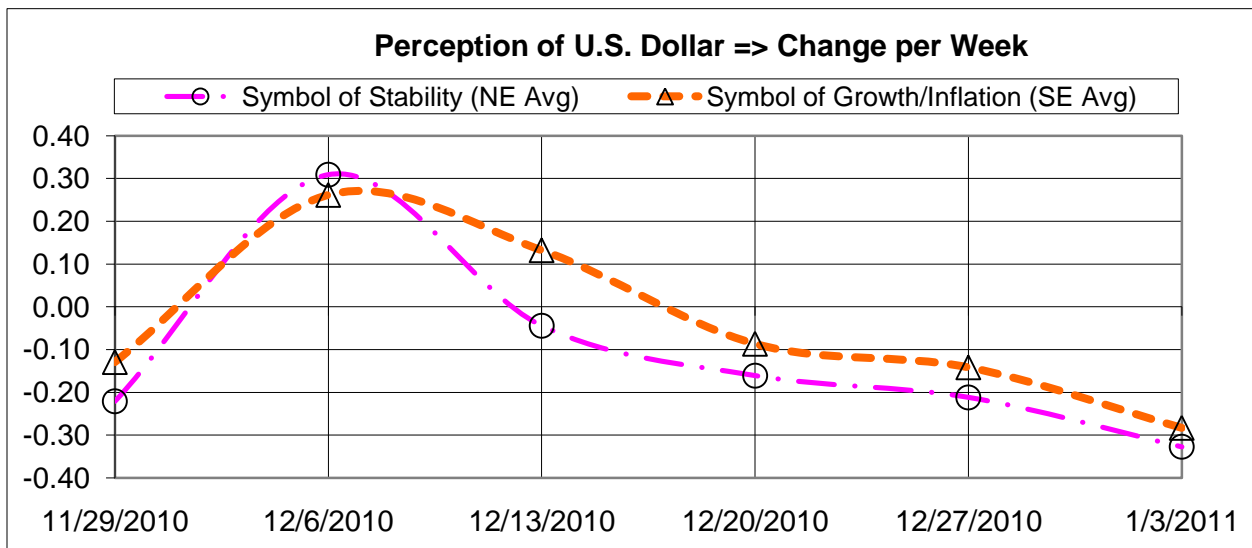| Bewilderment	Panic Time	Apathy
Apathy and despair on a societal level (NW). Increased hate and intolerance (NW, collapsed phi factors).	*Things feel unusual or shocking enough to provoke moderate panic responses (SW, NW). Large market moves likely (SW).*	*A turning inward, away from international issues or obligations (N, NW)*

Perception of the U.S Government

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

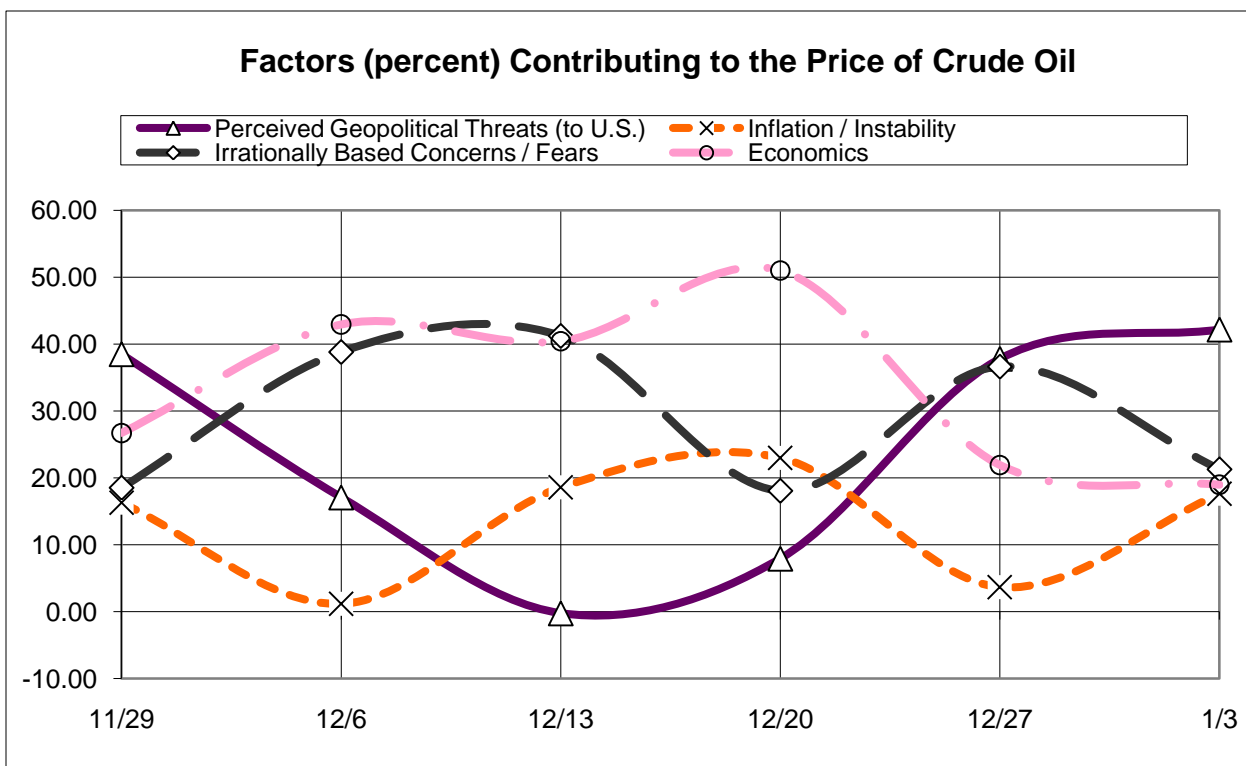|	Gridlock	Minimal Action	Panic Time
	A lot of talk, but little decisive action likely (SE, SW-).	*Strong leadership needed, but nothing impressive gets done (flat, declining SW).*	*Somebody better do something Actions due to panic or causing panic. (SW/NW)!*

Short Term S&P Forecast from Mood Model

Explanation of chart: *The MoodCompass stock market forecast is the output of a model that assesses the patterns of the Human Society Moodlines and converts them into stock market prices.*

The long term forecast currently shows the S&P to be 40% overvalued. While this short term forecast shows a topping market, be aware that the right catalyst could trigger a violent correction. Until this is remedied, a violent market drop remains a probable near term move.

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 could make large gains in the first two weeks. This should be followed by a period of consolidation and moderate retracement of recent gains.

Factors (percent) Contributing to the Price of Crude Oil

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 are high through 12/22. Gains in commodities should thus be limited by economic constraints. Geopolitical issues are in focus the end of November and 12//23 through the end of the period. Inflation is of little concern, likely reflecting U.S. Dollar gains and/or stability. Deflation, however, may become an issue of note.
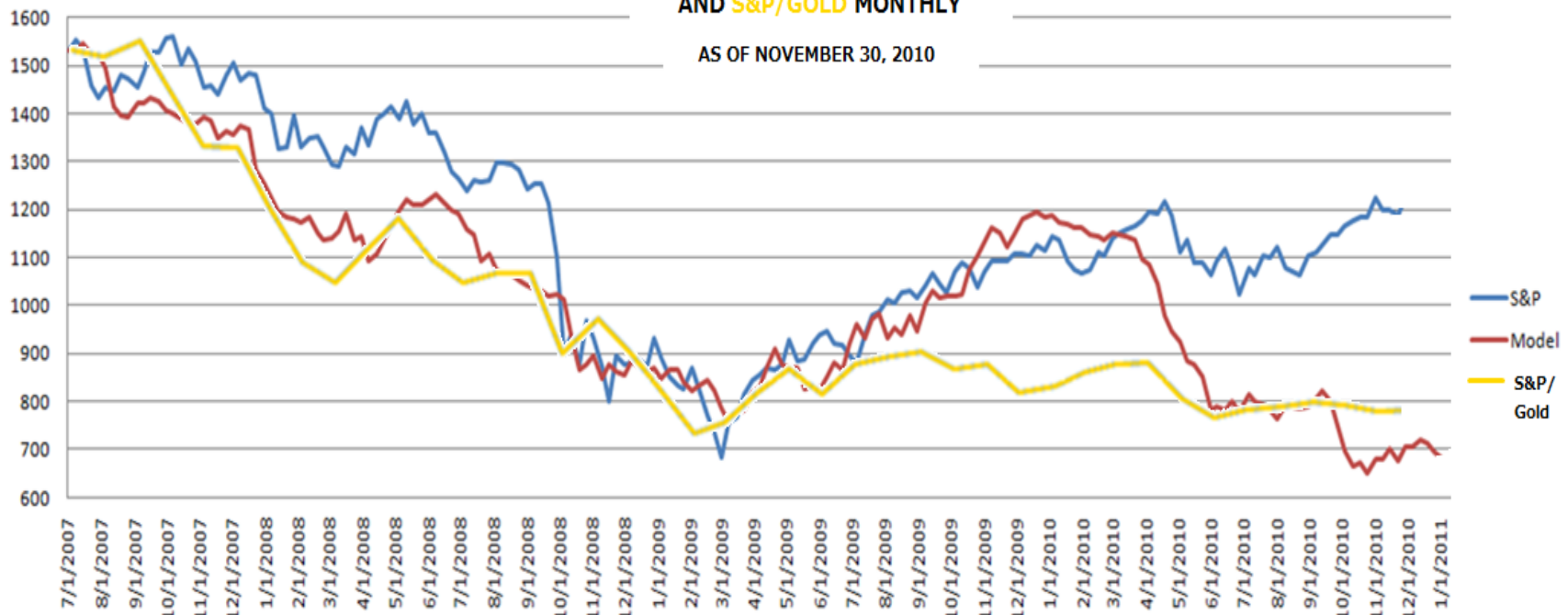
Tracking MoodCompass Performance

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 and monthly S&P/Gold ratio (S&P data from Yahoo Financial; Gold data from Wren Research). While market trend generally follows this collective mood generated model, it may be of interest to note that at the beginning of major trend changes, especially downturns, markets (investors) tend to oppose the trend change. This is later resolved in what is referred to as capitulation (realigning with the mood trend, then accelerating past the indicated mood level). Note that much of this "lag" is eliminated with the S&P/Gold ratio.

Weekly S&P Forecast from Collective Mood VS. ACTUAL S&P WEEKLY CLOSE AND S&P/GOLD MONTHLY AS OF NOVEMBER 30, 2010

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.
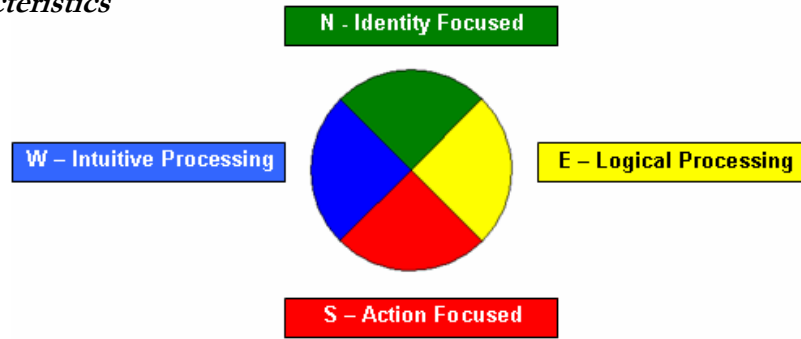
MoodCompass was Born

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:
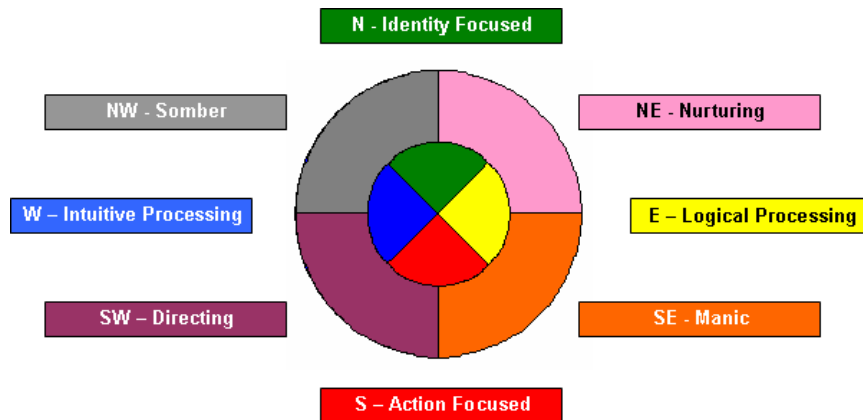
Primary Characteristics

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.
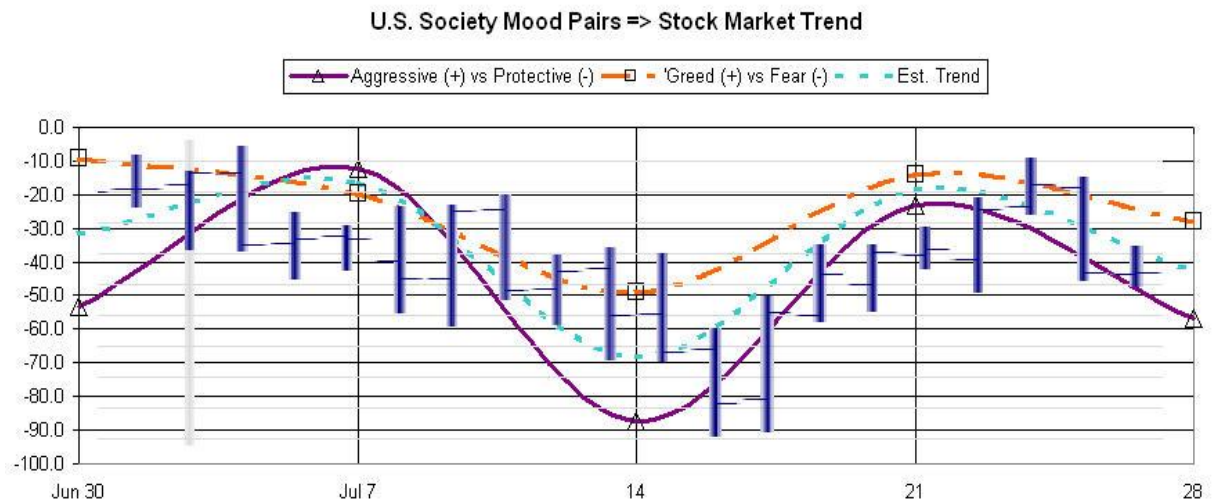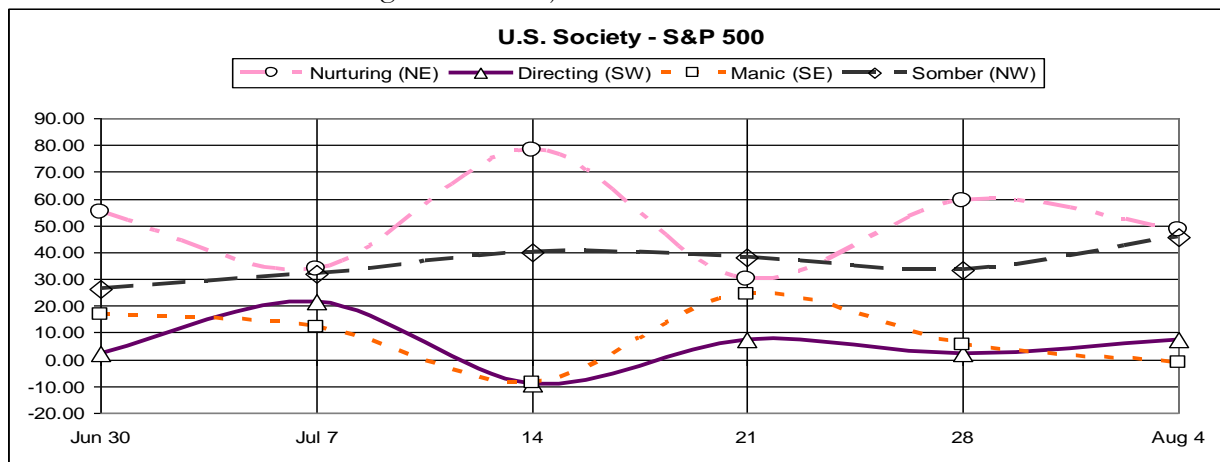

Tracking Profiles Over Time

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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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!

How We Did - Themes from MoodCompass in the News:

From the November 2010 issue: "Such wide scale dysphoria is difficult to contain for long, and may result in some individuals or groups acting out in bursts of violence or other anti-social behaviors. Global leaders and governments… will likely find it difficult to accomplish anything of substance where cooperation is required. Things could even get more interesting should a less stable individual who also happens to be a head of state gets too caught up in the tide of antipathy… There is high risk for terrorist activity as well as large impact natural disaster(s), especially in the first half of the month."

11/2/10:   Greek police tackle barrage of parcel bombs

11/7/10:   U.S.: Oakland residents wake up to broken windows, debris

            Germany: violent protest against nuclear waste train.

            Israel seeks threat of US war on Iran

11/8/10:   Like the movie 2012, terrified crowds flee erupting volcano

11/10/10: Violence erupts as British students protest fee hike

            Schools in FL on lockdown after man threatens shooting

11/11/10: San Francisco Bay Bridge closed by man claiming to have gun and explosives.

11/12/10: U.S. Fed plan raising trade tensions

11/17/10: TSA agent punched by passenger

11/16/10: Bomb threat closes 4 Ohio State University buildings

11/23/10: N Korea fires artillery at S Korea

11/24/10: Rio gangs defy police in 4th day of attacks

11/27/10: Terrorist plot to bomb Christmas tree lighting in Portland foiled

11/29/10: Armed student takes hostages at Wisconsin high school

11/29/10: EU's Irish rescue fails to stem contagion

For MoodCompass subscribers who trade and invest:

The *MoodCompass*® combines the holistic–systems framework of the OneWheel® paradigm with the mathematical scaling and modeling of the Compass System®. It gives an overview of forecasted mood, perception, and behavior of global human society and the world in which we live. While the MoodCompass predicts mood, and not events, its usefulness arises in the relationship between certain mood configurations and often accompanying real world events. While a course of conduct regarding investments can be formulated from the implications presented in MoodCompass, at no time will A New Story Foundation make specific recommendations for any specific person, and at no time may a reader, caller or viewer be justified in inferring that any such advice is intended. Investing carries risk of losses, and trading futures or options is especially risky because these instruments are highly leveraged, and traders can lose more than their initial margin funds. Information provided by A New Story Foundation is expressed in good faith, but it is not guaranteed. The measurements that form the Moodline data, as well as the interpretations of presented Moodlines are made with care and experienced judgment, however, they are subject to human error. Long–term success trading or investing in the markets demands recognition of the fact that error and uncertainty are part of any effort to assess future probabilities. Please ask your broker or your advisor to explain all risks to you before making any trading and investing decisions.