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

February 2010

Highlights: China economic bubble bursts ٠ Western discord and civil
unrest ٠ Iranian military escalation ٠ Heightened interest in
terror and terrorism

http://www.anewstory.org

February 2010 – A New World Dis-Order

In February, we begin to see a broad unraveling of the threads that hold the modern global system together. The Chinese economic bubble should finally begin to burst. In the West, social discontent runs high. International tension is extreme this month, and there are sides to be chosen. In the Middle East, look for Iran to go out of its way to display its military might to the rest of the world. The United States may be cornered into making a decision in the direction of aggressive or hostile action, as the rest of the world urges restraint. There is also a heightened interest in terror and terrorism.

To top it off, it may even feel like the natural world is against us, and what we need to maintain our way of life. Unseasonal weather may threaten agricultural outputs or the continuance of business as usual. Tectonic events may encumber additional population centers besides the ones already hit last month in Haiti. It could be a difficult month to be a modern, globalized, civilized human being.

"*When the next long term peak in optimism arrives, that will be the time to look for things to really begin to get bad!"* (March 2009 MoodCompass, pg. 2). That peak occurred in January. This is evidenced by the ending of the stock market rally that began last March and the beginning of the next long decline—not only in the markets, but in economic, social and geopolitical stability. This is the new world dis-order, and should be for some time to come. If one has focused solely on amassing wealth in terms of dollars and property, one may be disappointed when much of their value is lost. Those who have been investing in relationships-- family and trustworthy friendships-- should find their investments substantially increasing in value over time; precious commodities that cannot be purchased at any price.

Highlights:

February 1 - 11: *Good Guys and Bad Guys .* The world becomes polarized into "good guys" and "bad guys." The U.S. government is focused on geopolitical issues. Social priorities reflect survival and basic needs.

February 12 - 16: *Choosing Sides.* Social polarization; people are choosing sides. The U.S. government looks weak or vulnerable.

February 17 - 25: *Shaken Up.* Increased social discontent or unrest. Heightened interest in terror and terrorism. The U.S. government is metaphorically "jarred awake" by some bad news or event. A panic response to geopolitical events is likely.

February 26 – March 7: *Escalation.* Geopolitical tension escalates into action. As March begins, there's an increase in social discontent or unrest and a higher than usual interest in terror and terrorism.
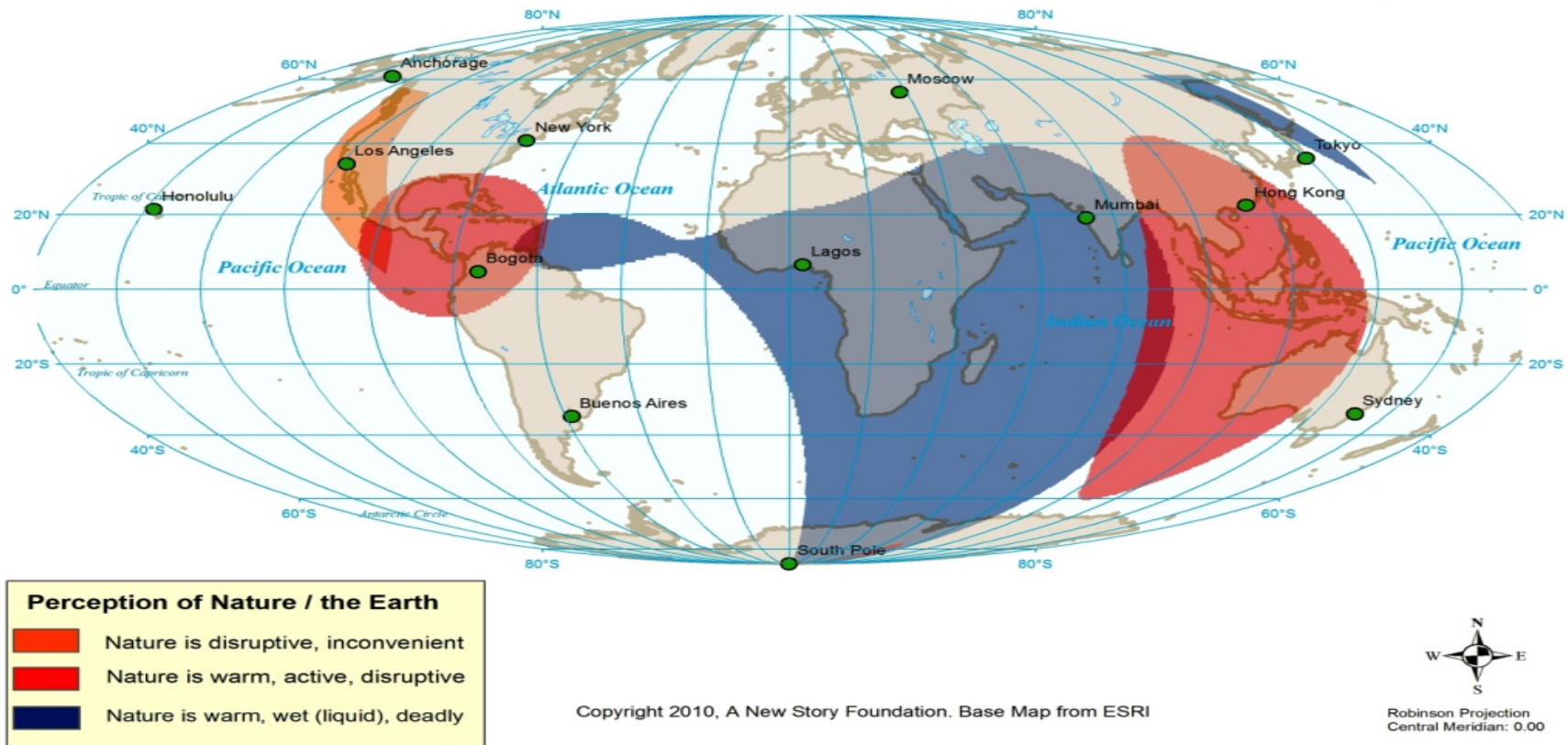
The charts on the following pages will go into further detail of the social mood changes and corresponding market behavior for this time period. The last few pages of this document will give you a brief orientation to the MoodCompass.

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 ().

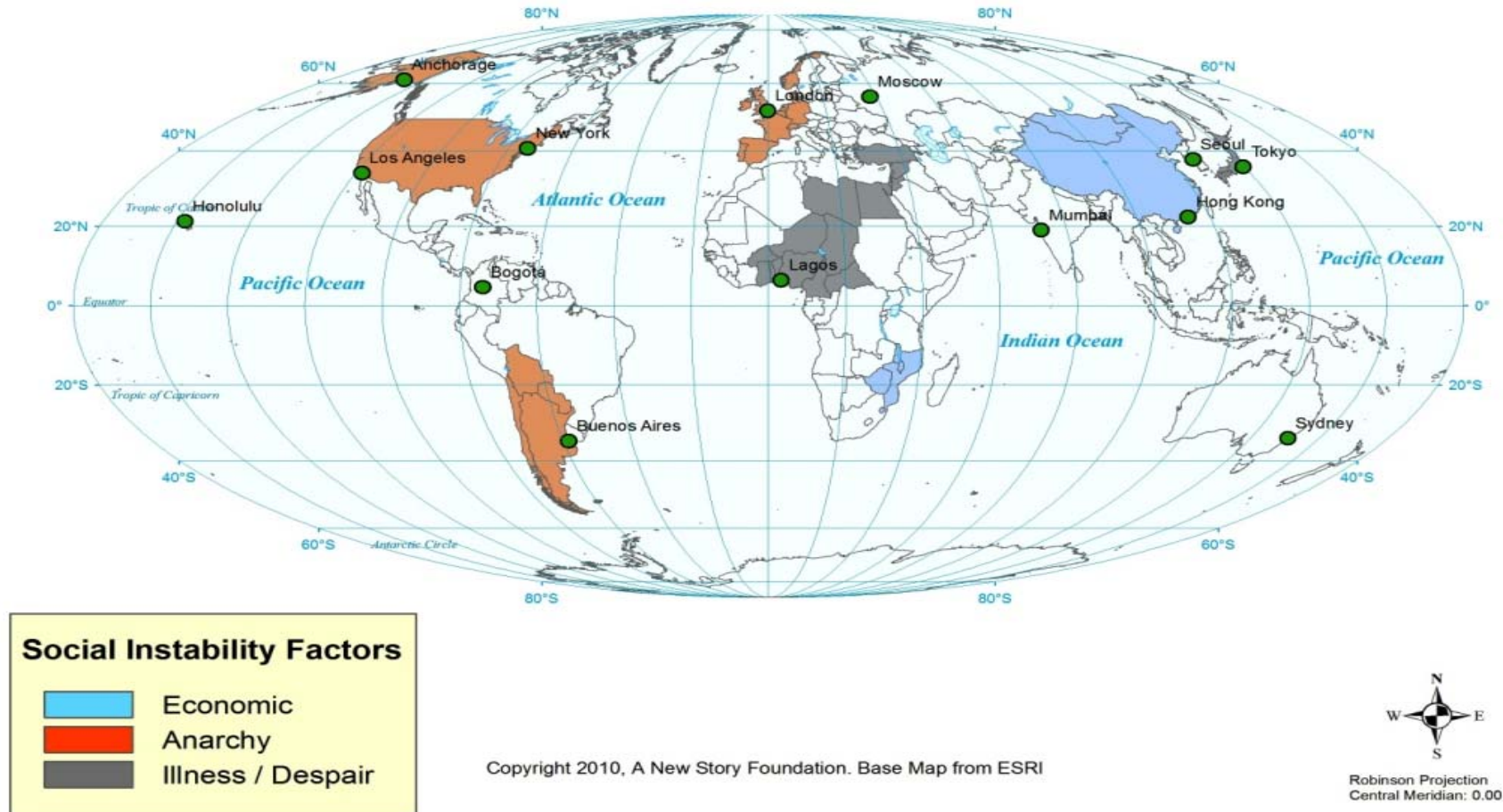| Date Range	Summary of Chart Indications
2/2-4	U.S. government's primary focus is geopolitical (8).
2/2-11	World becomes polarized into "good guys" and "bad guys" (7). Social priorities around survival and basic needs (8).
2/10-17	U.S looks weak or vulnerable (8).
2/12-16	Social polarization; people choosing sides (8).
2/17-23	Panic response related to geopolitical events likely (7).
2/17-25	Increased social discontent. Heightened interest in terror and terrorism (8).
2/18-23	U.S. government is metaphorically "jarred awake" by some bad news or event (8).
2/24-3/4	Geopolitical tension escalates into action (7).
3/3-7	Increased social discontent. Heightened interest in terror and terrorism (8).

Human Perception of Nature - February 2010

Perception of Nature / the Earth

- 🟧 Nature is disruptive, inconvenient
- 🟥 Nature is warm, active, disruptive
- 🟦 Nature is warm, wet (liquid), deadly

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Robinson Projection
Central Meridian: 0.00

In anthropomorphic terms – The Earth is **AT WAR (with civilization).**
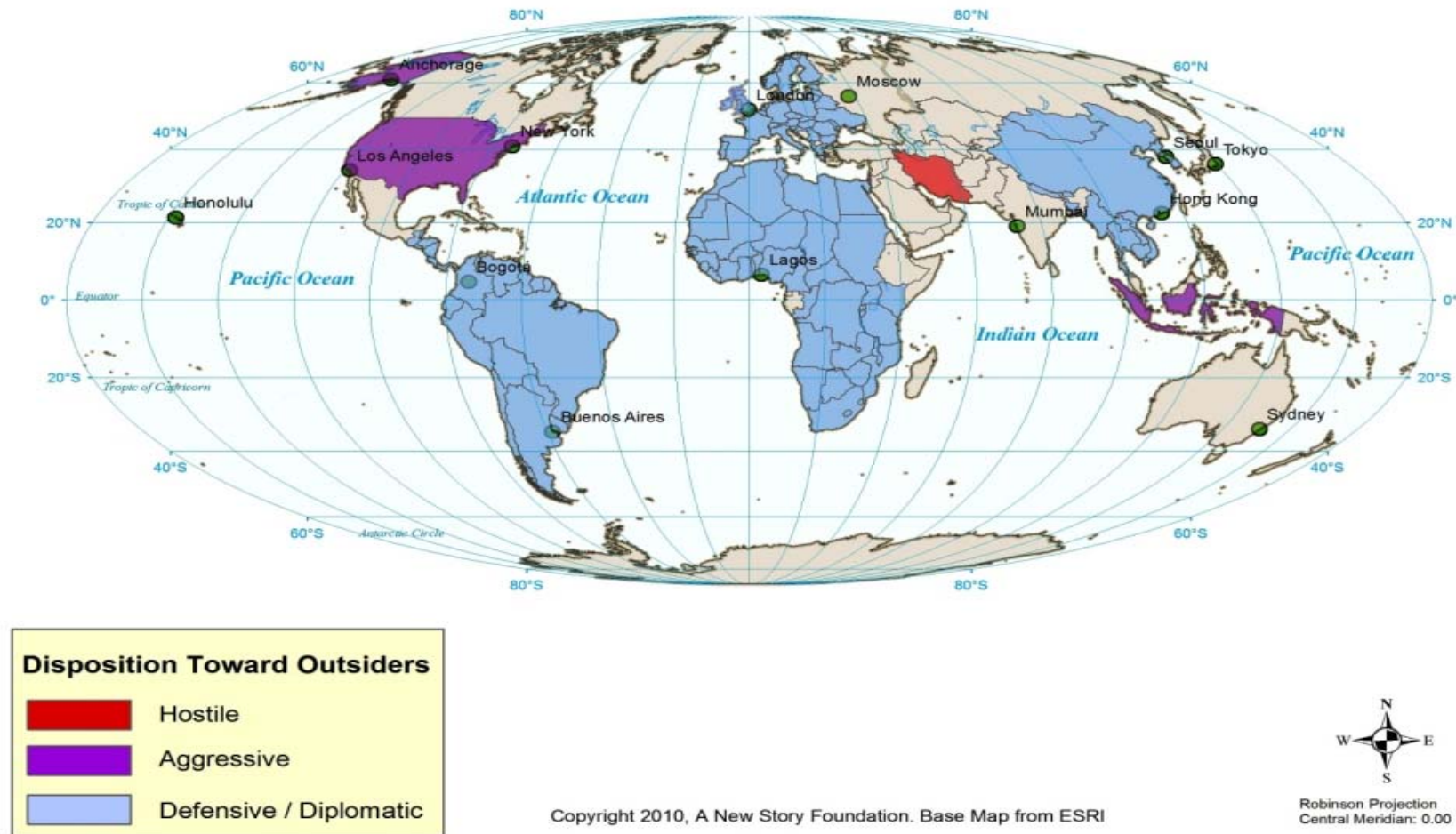
Possible physical manifestations – A view that Nature is **disruptive** or inconvenient on the West Coast of N. America indicates a higher than normal probability of a **moderate earthquake**. There is continued indication of **heightened tectonic activity** in the Caribbean and the region near where the Indian and Pacific Oceans meet. The **unusual configuration** that crosses the Atlantic Ocean signals possible current anomalies-- **unseasonal weather patterns** around the globe are possible. However, the primary areas to pay attention to are Northeast Asia, as well as Africa, the Arabian Peninsula, and India. While something serious is indicated, the specific threat is unclear; the area of concern is extremely large, and this same configuration is associated both with **flooding** as well as **increased volcano activity**.

Social Instability Factors - February 2010

Social Instability Factors

- Economic
- Anarchy
- Illness / Despair

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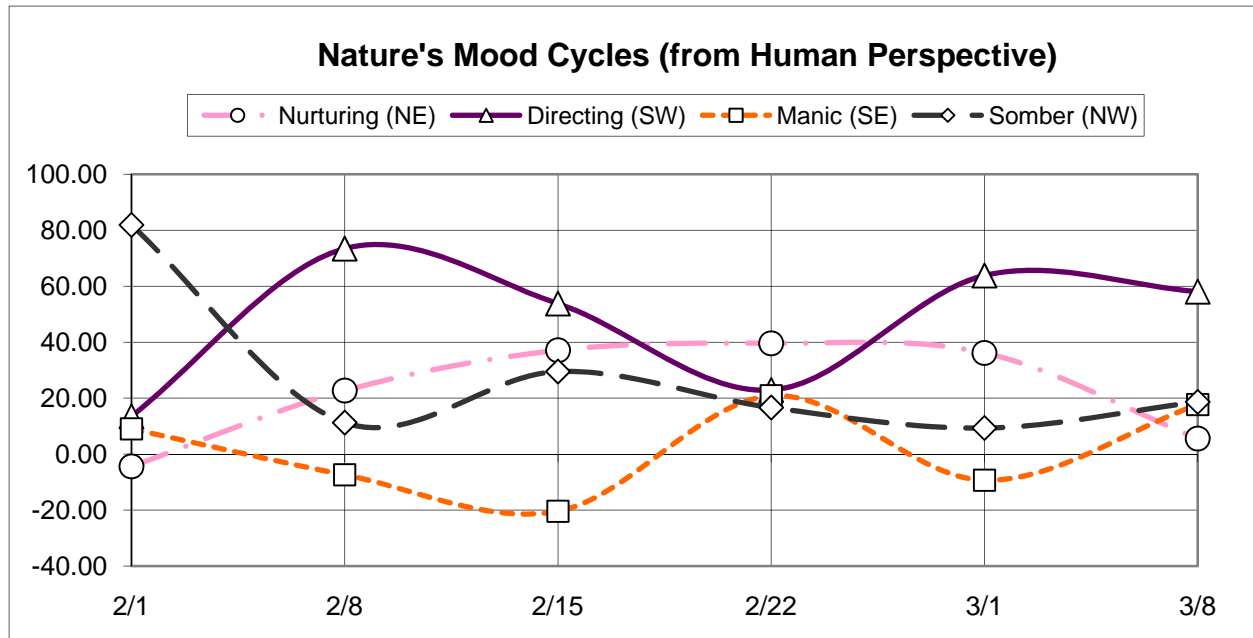
Robinson Projection
Central Meridian: 0.00

The global economic focus is China, as their noted "economic bubble" is likely to show signs of bursting. In the Western Hemisphere, there is heightened risk of social discontent, protests, and other signs of civil unrest as well as a heightened interest in terror and terrorism. The mood is gloomy in portions of Africa and S.W. Asia.
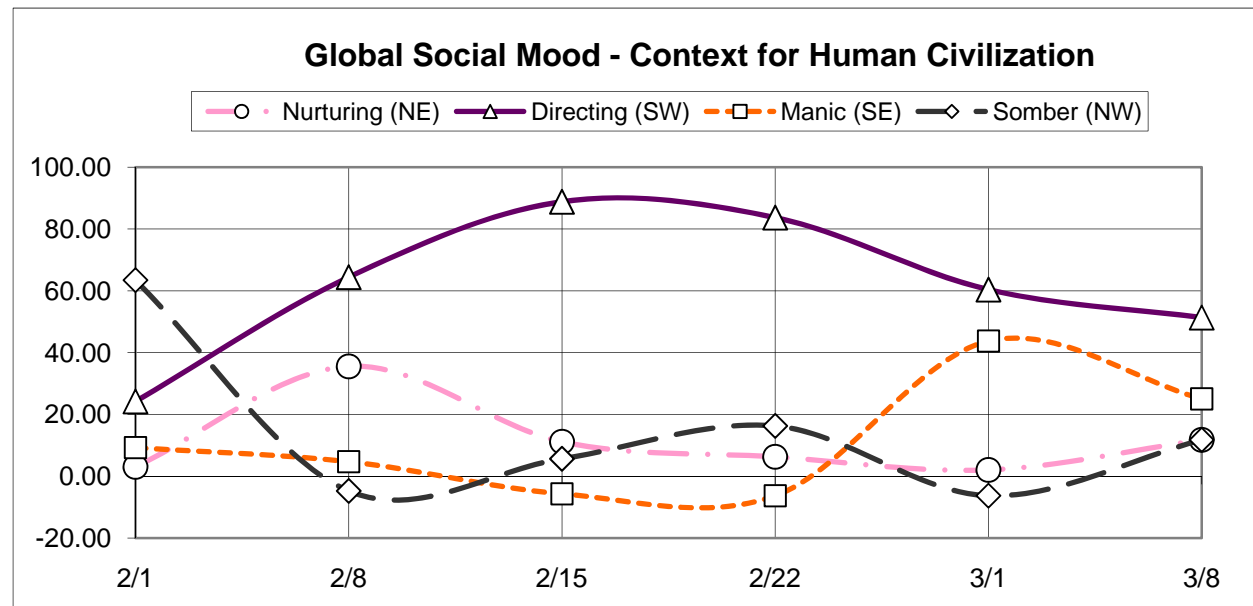
Projected Geopolitical Posturing - February 2010

Disposition Toward Outsiders

🟥	Hostile
🟪	Aggressive
🟦	Defensive / Diplomatic

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Robinson Projection
Central Meridian: 0.00

All eyes are focused on **Iran** this month as it makes an effort to display it's might to the rest of the world. The **United States** shows signs of being compelled into making a decision in the direction of aggressive or hostile action. Much of the rest of the world is keenly interested in maintaining peace and stability in the face of what could become a highly unstable and volatile situation.

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Nature's Mood Cycles (from Human Perspective)

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

Chart: Y-axis ranges from -40.00 to 100.00; X-axis dates 2/1, 2/8, 2/15, 2/22, 3/1, 3/8

Nature is Powerful and Polarized (anthropomorphically, at war)
Natural events both large and small may seem to be biased against the modern human lifestyle, the global culture of civilization (modern agriculture, large cities, etc). This is represented by the life factors in tension with the entropy factors the entire period.
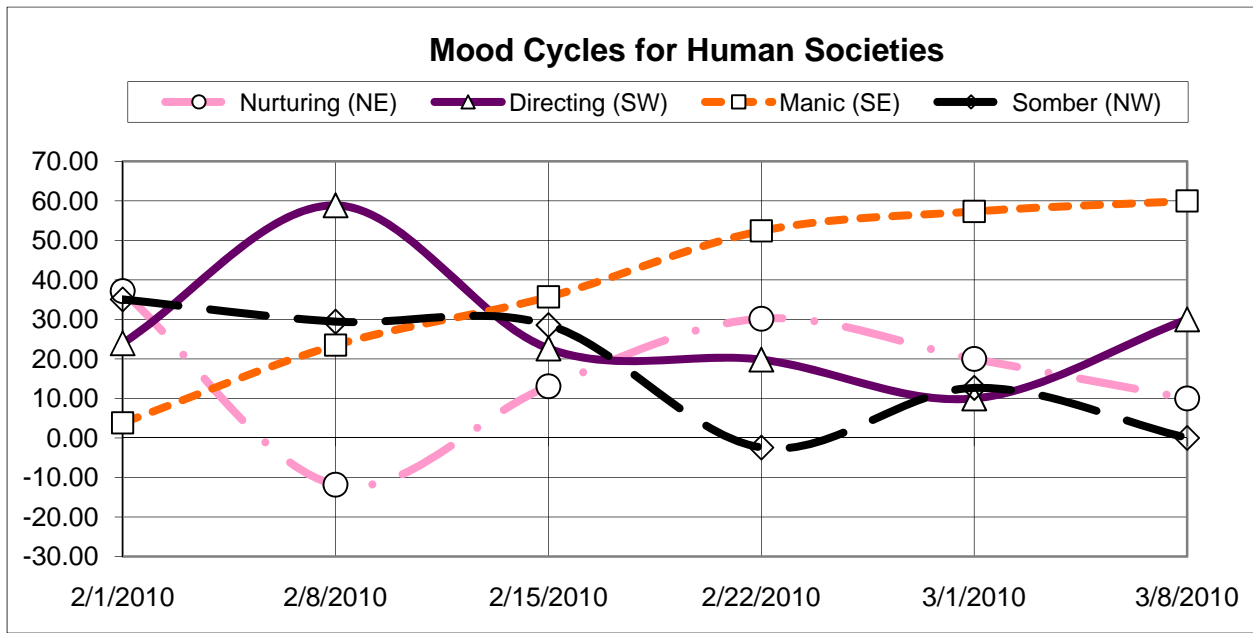
Global Social Mood - Context for Human Civilization

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

Chart: Y-axis ranges from -20.00 to 100.00; X-axis dates 2/1, 2/8, 2/15, 2/22, 3/1, 3/8

| ***Good and Evil***	***Geopolitical Tension***	***Escalation***
The world becomes polarized into bad guys and good guys (life vs. entropy factors).	*Geopolitical concerns (SW) are the primary focus for global leaders. The configuration 2/16-23 corresponds with concurrent panic response (SW/NW).*	*Geopolitical tension turns to action with S factors high. There is a polarity with those seeking inaction or peace (N).*

Mood Cycles for Human Societies

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

Survival Oriented	Bad News, Chaos, and Increased Terror Interest
High SW, and collapsing entropy factors indicate a focus on survival and basic needs.	*A complex configuration indicating bad news, and a heightened interest in terror and terrorism between 2/17 and 2/25 is combined with a collapsing life polarity. An event or event(s) should have people's attention during this time.*

Perception of the U.S Government

Legend: Nurturing (NE) · Directing (SW) · Manic (SE) · Somber (NW)
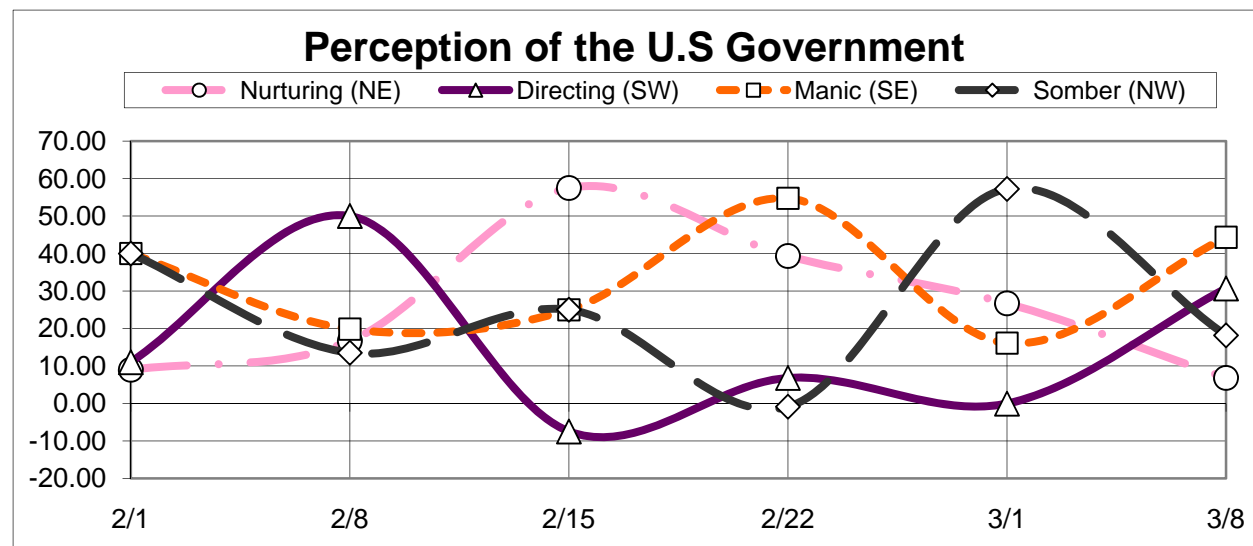
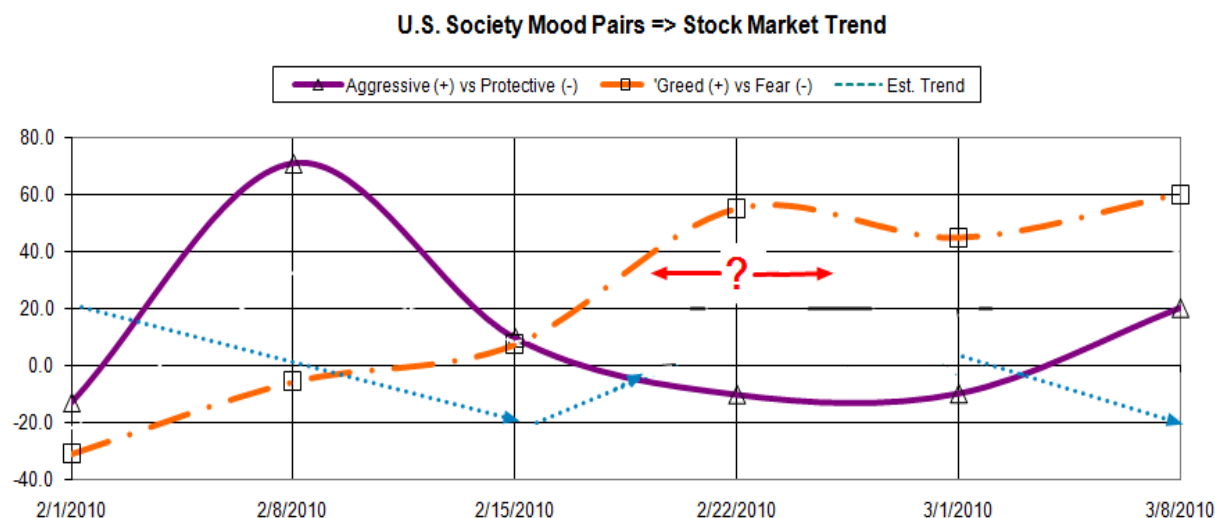| Focused Outward	Vulnerable	Harsh Lessons
The government is focused on leadership and policy in the geopolitical arena (SW)	*U.S. looks vulnerable to outside threats (high NE, low SW)*	*The U.S. government is "jarred awake" by some "bad news" (high SE/NE). This is followed by a pause and then new action the 1st week of March (rising S).*

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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."*

Markets may try to rebound from the recent sell-off, but it is likely that gains will be limited by geopolitical or other "surprise" events. It is unclear how "bad news" type events likely between 2/17 and 2/25 will affect the markets.
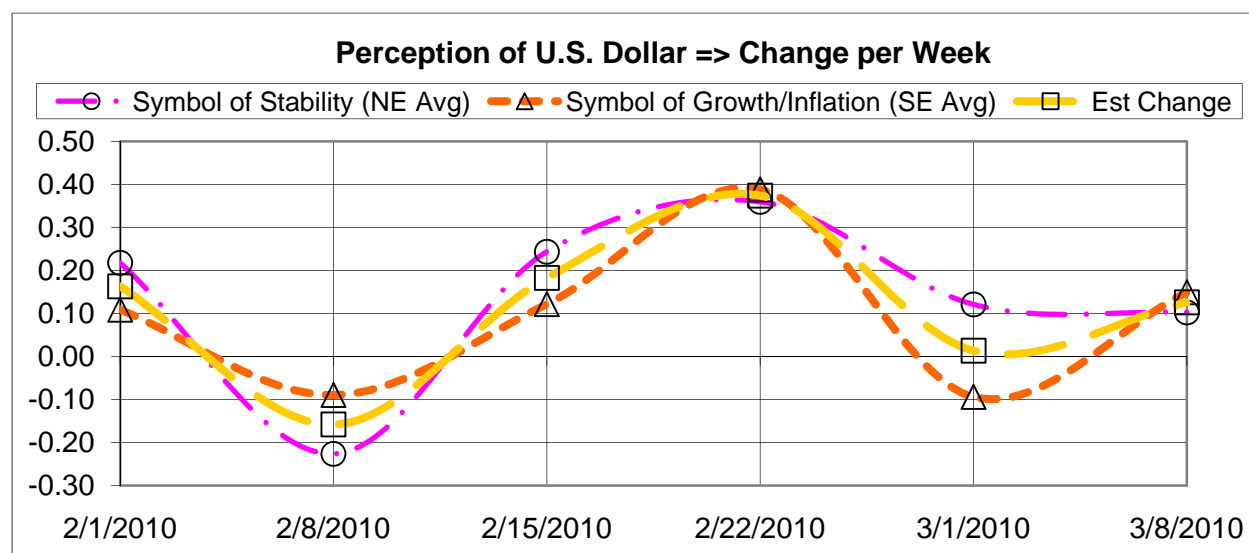
Explanation of chart lines: *The Dollar is a symbol of value, but it not attached to anything "real" such as gold as it was in the past. Its value is based on sentiment, and on the trust of a government to honor its debts. Because of this, its value ebbs and flows along with the oscillations of perception 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's trend has an upward bias, but is subject to large swings throughout this period as markets try to figure out how to best respond to geopolitical as well as economic events.

Factors (percent) Contributing to the Price of Crude Oil
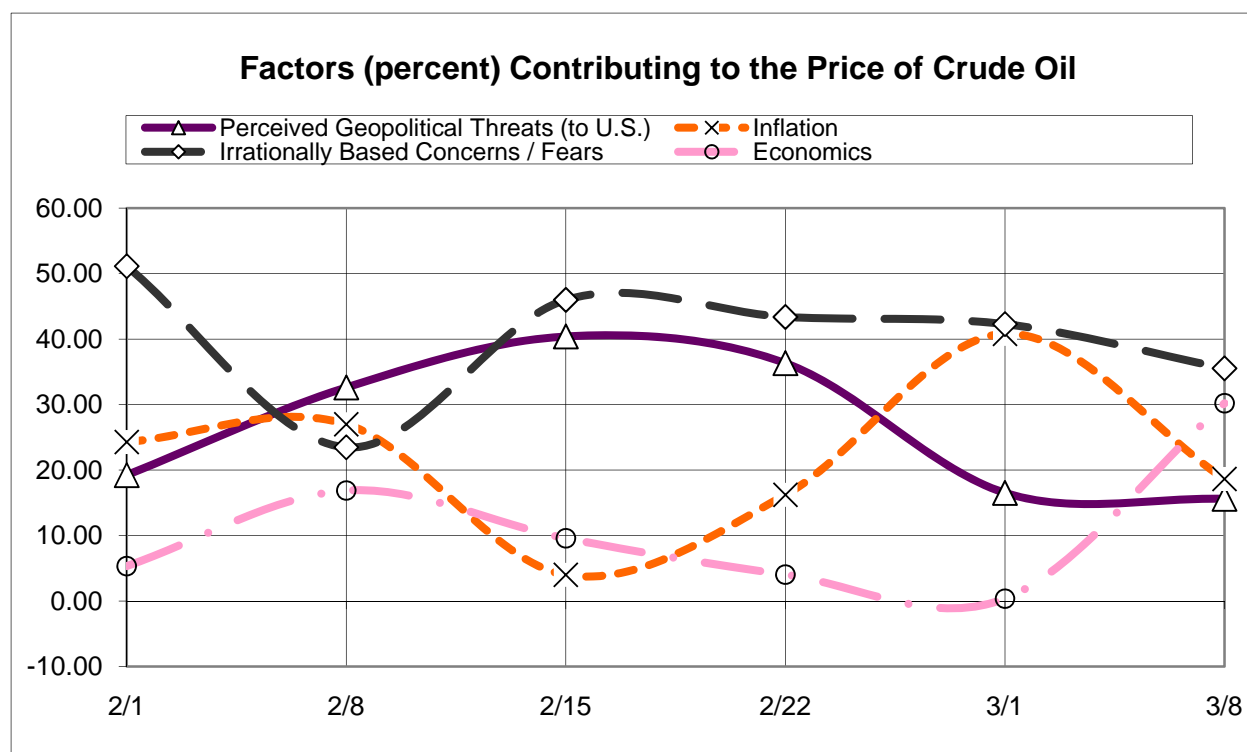
Explanation of chart lines: *The values for the Moodlines (Directing, Manic, and Somber) for U.S. View of "the World" are used to produce this chart. This chart is useful in searching for potential geopolitical events, and escalated irrational fears of supply disruption. It is also useful as a check 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 take a back seat to geopolitical worries and "what if" scenarios through 2/25. The following sharp rise in inflation concerns through the beginning of March would be consistent with either a sharp U.S. Dollar sell-off, a sharp U.S. Treasury sell-off or both. Economic concerns (which could include concerns of crude oil supply disruptions) are heightened by the end of the first week of March.

How We Did – Comparing our Charts with Actuals

U.S. Society Mood Pairs => Stock Market Trend
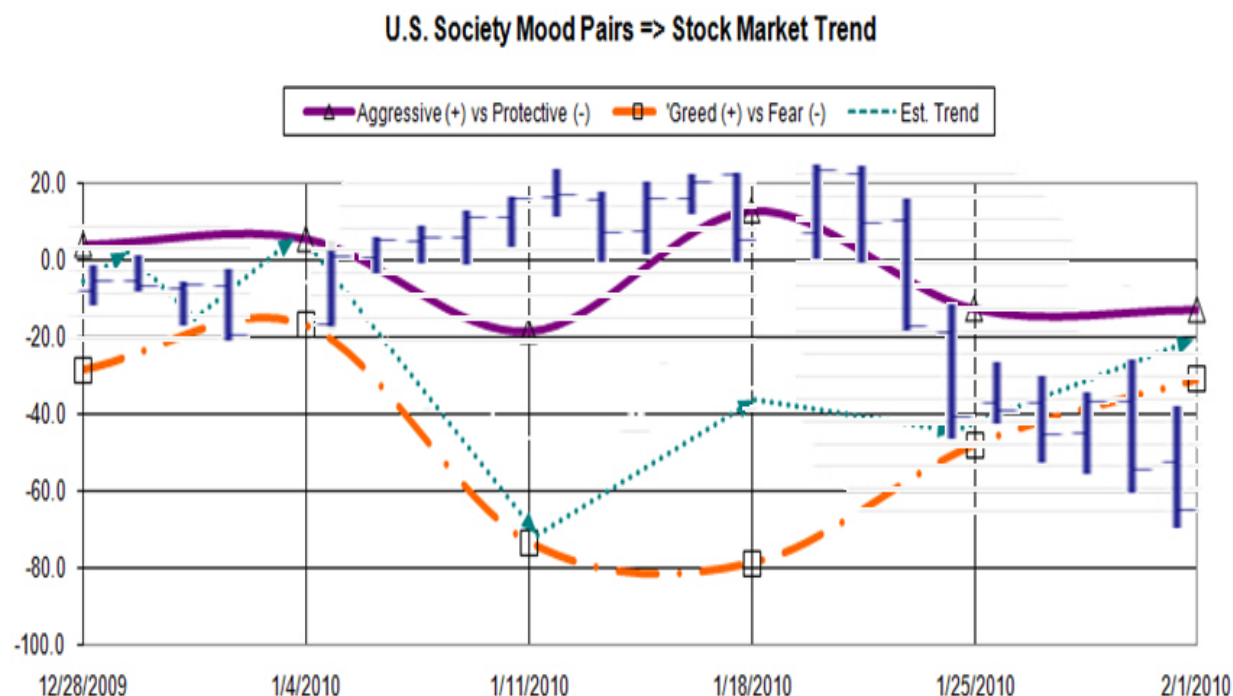
Actual data source: futuresource.com

S&P *(from previous issue): The New Year brings a large and quick drop in sentiment oriented toward greed, expansion, and risk. This change in context could result in the market opening the year with a sharp sell-off. The market should then go through a period of consolidation while the "rules" of the new paradigm are sorted out.* Actual: The negative shift in sentiment away from greed, expansion, and risk did occur, but did not manifest in the markets until two weeks after the forecast indicated.

How We Did – Comparing our Forecasts with What Happened
Verifiable statements from Week by Week Highlights, January issue, page 2:

Date	MoodCompass Statement	Actual Events
Dec 28 – Jan 3	Geopolitical issues rise significantly. U.S. government appears weak or vulnerable.	Failed terror attack on U.S. plane Dec. 25.
Jan 4 – 10	Elevated risk of extreme natural event(s).	Extreme cold in much of Northern Hemisphere. Haiti quake Jan. 12.
	Economic concerns rise sharply. Increase in deflation concerns.	U.S. employment worse than expected; unprecedented drop in consumer credit.
Jan 11 – 17	Global themes of economy, national identity, and isolationism prevalent.	Google claims China cyber attack; U.S. government protests. Iranian scientist killed; the West blamed. Iran gets tougher with dissidents. China stalls further U.N. sanctions against Iran.
Jan 18 – 24	Panic response by global leaders or because of global leaders. U.S. government activity elevated.	Worst 3 day market drop since March '08 due to concern over Obama bank regulation plan, and Bernanke reappointment; concerns over China efforts to cool economy.
Jan 25 – 31	Panic response by global leaders or because of global leaders.	Sino-U.S. relations deteriorating due To Iran sanctions differences, Google issue, & Taiwan arms sales. Global markets drop over continued China monetary tightening.

In graphic form (from January issue, page 13):
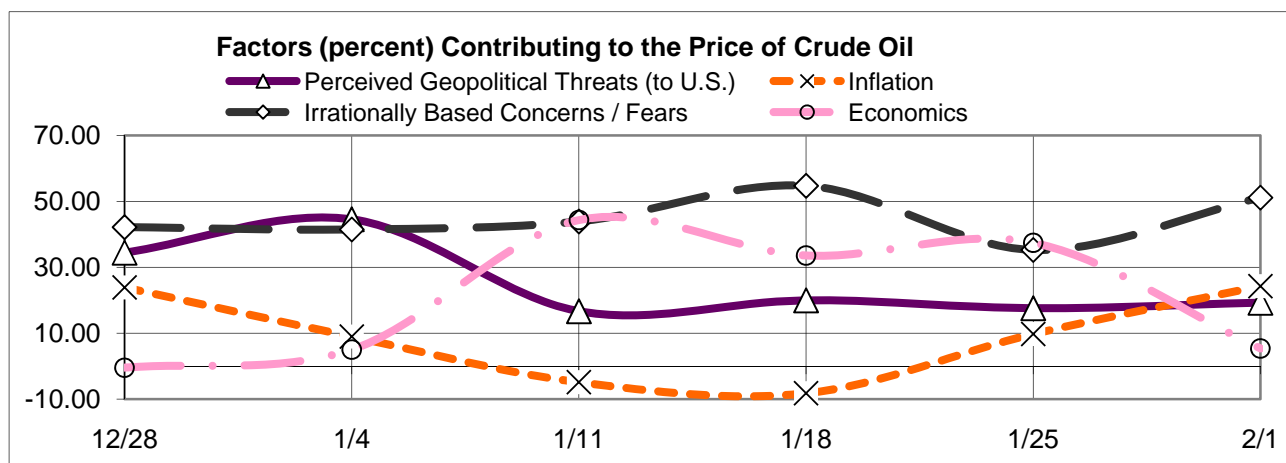
Text from pg. 13: As the New Year begins, geopolitical issues briefly rise to the forefront. This is quickly replaced with a combination of economic worries and "what if" scenarios. The December issue of inflation is replaced with worries about deflation, indicating a perception of tighter credit.

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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
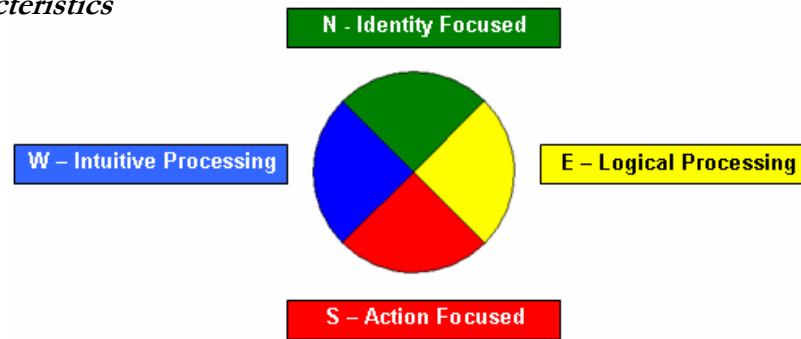
Hybrid Characteristics

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.
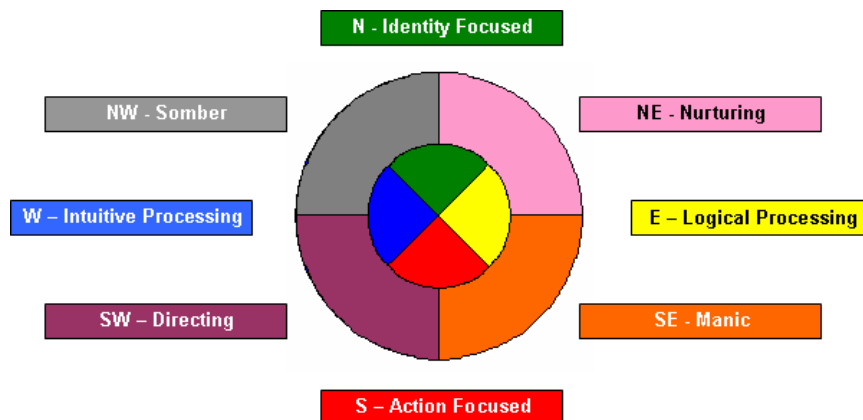

Tracking Profiles Over Time

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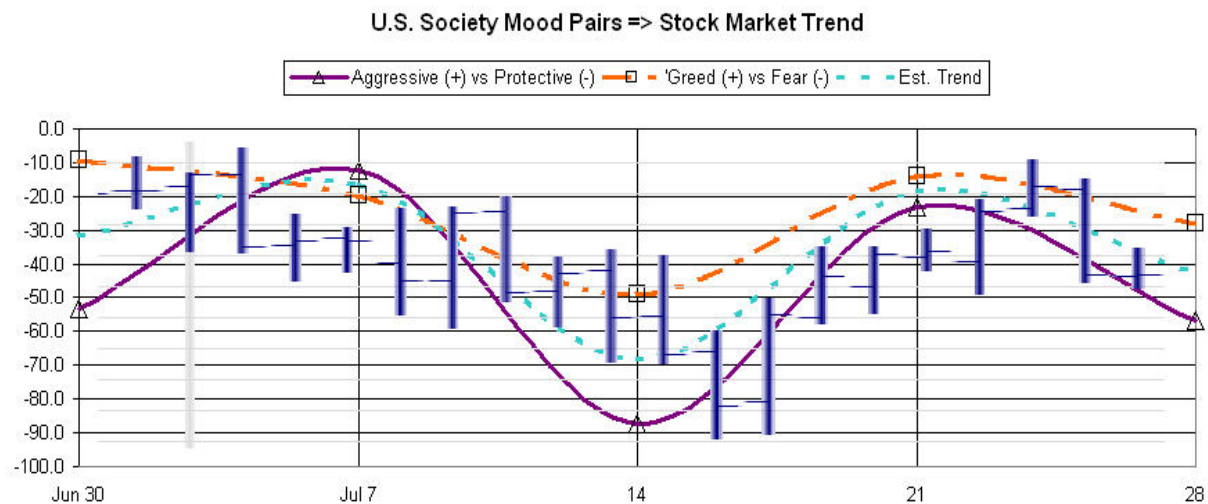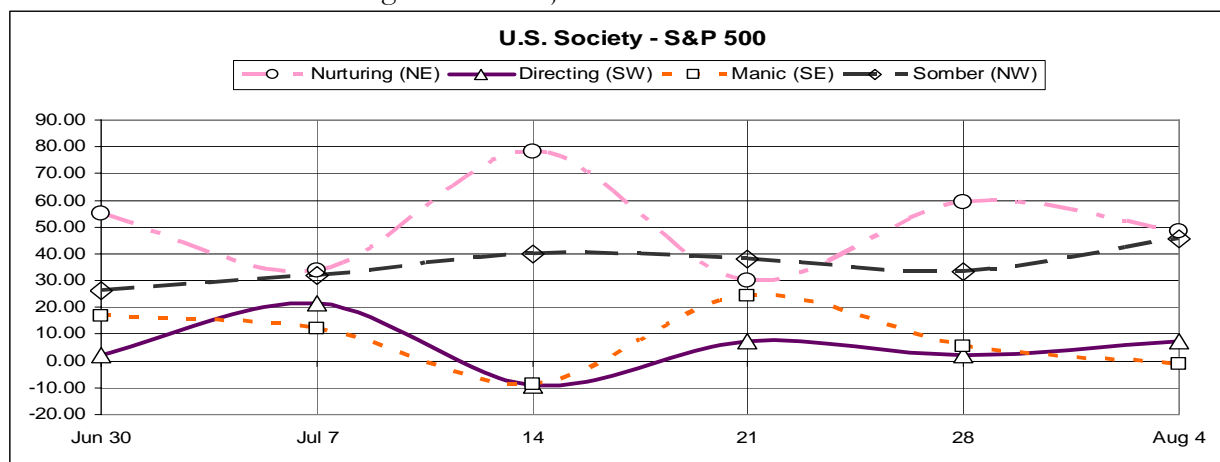
Philosophy and Methodology: For more information on our research and methodology, please see: http://anewstory.org/documents/methodology.pdf.

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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