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

January 2010

Highlights: Global economic implosion. Chaos in Iran. Tectonic
event(s) in the Indian Ocean/South China Sea area.

January 2010 – The Party's Over

In 2009, world leaders put together a concerted effort to forestall economic catastrophe. They took the problems created by excessive consumption and overspending, and attempted to make them magically disappear through overspending and encouraging even more consumption. As the New Year begins, the bill comes due. The party's over.

The global context changes drastically along with the turn of the calendar. There are clues to what causality we may assign to this, but it's always difficult to name a context that has not yet been seen. Right around the New Year weekend, geopolitical issues rise significantly, the U.S. government appears weak or vulnerable, and the global system is perceived as breaking down. As the first week of the year begins, economic concerns rise sharply and U.S. government activity level rises. However, before connecting these dots prematurely, there are more clues to examine.

In the first week of the year and into the second, there is an elevated risk of extreme natural event(s) occurring. There are also global themes of national identity and isolationism. This would be the period with the highest likelihood for the Mayon volcano in the Philippines to erupt, or any of a number of related consequences. It would also be a time that Iran would be most likely to seriously flirt with regime change once again, which in turn could create havoc with the world's energy supplies.

Overall, there is a global shift in mood from optimism that some sort of economic recovery is on the horizon, to one of extreme seriousness, helplessness, and apathy. Perhaps the beginning of January is our introduction to the next decade. This next ten years should see an increase in scarcity, hoarding, and even wars over basic resources; and natural disasters on a scale we have never seen. The changes in our world will cause us to examine our values, and our lifestyles will surely change. January 2010 is likely only the beginning of a long and painful collapse of the world as we have known it. Welcome to 2010.

Week by Week Highlights:

December 28 – January 3: *Trouble in the world.* Geopolitical issues rise significantly. People are agitated and confused. Global system appears to be breaking down. U.S. government appears weak or vulnerable.

January 4 – 10: *The Party's Over.* Economic concerns rise sharply. Deflation concerns replace those of inflation. Elevated risk of extreme natural event(s). Global themes of economy, national identity, and isolationism prevalent. U.S. government activity level rises.

January 11 – 17: *Every Nation for Themselves.* Global themes of economy, national identity, and isolationism prevalent. U.S. government activity elevated.

January 18 – 24: *Do Something!* Panic response by global leaders or because of global leaders. U.S. government activity elevated.
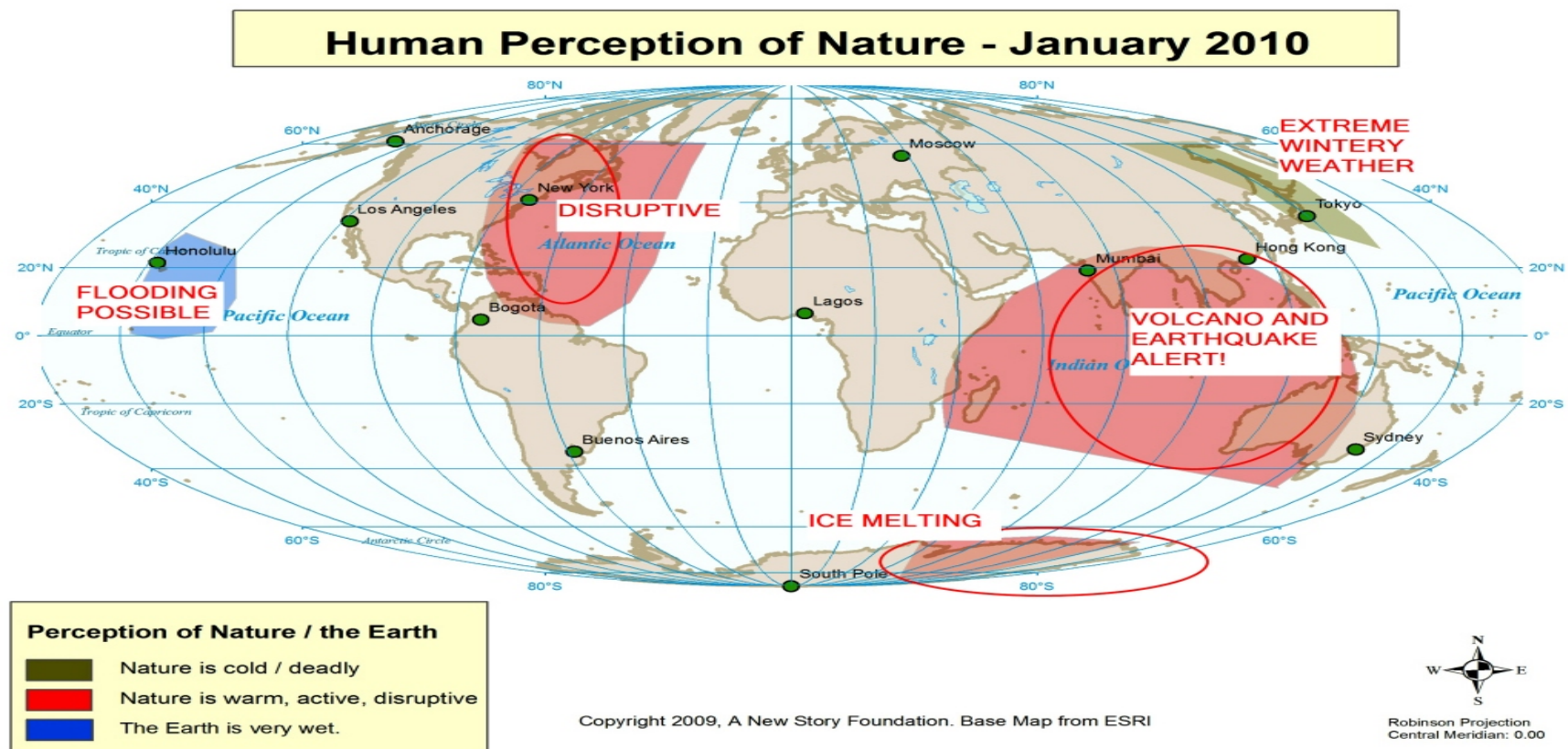
January 25 – 31: *Short Term Solutions.* Panic response by global leaders or because of global leaders. U.S. government activity finds resolution; may be unpopular.

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 2 of this publication. The table below summarizes the findings for this month. Page numbers of corresponding charts are included in parenthesis ().
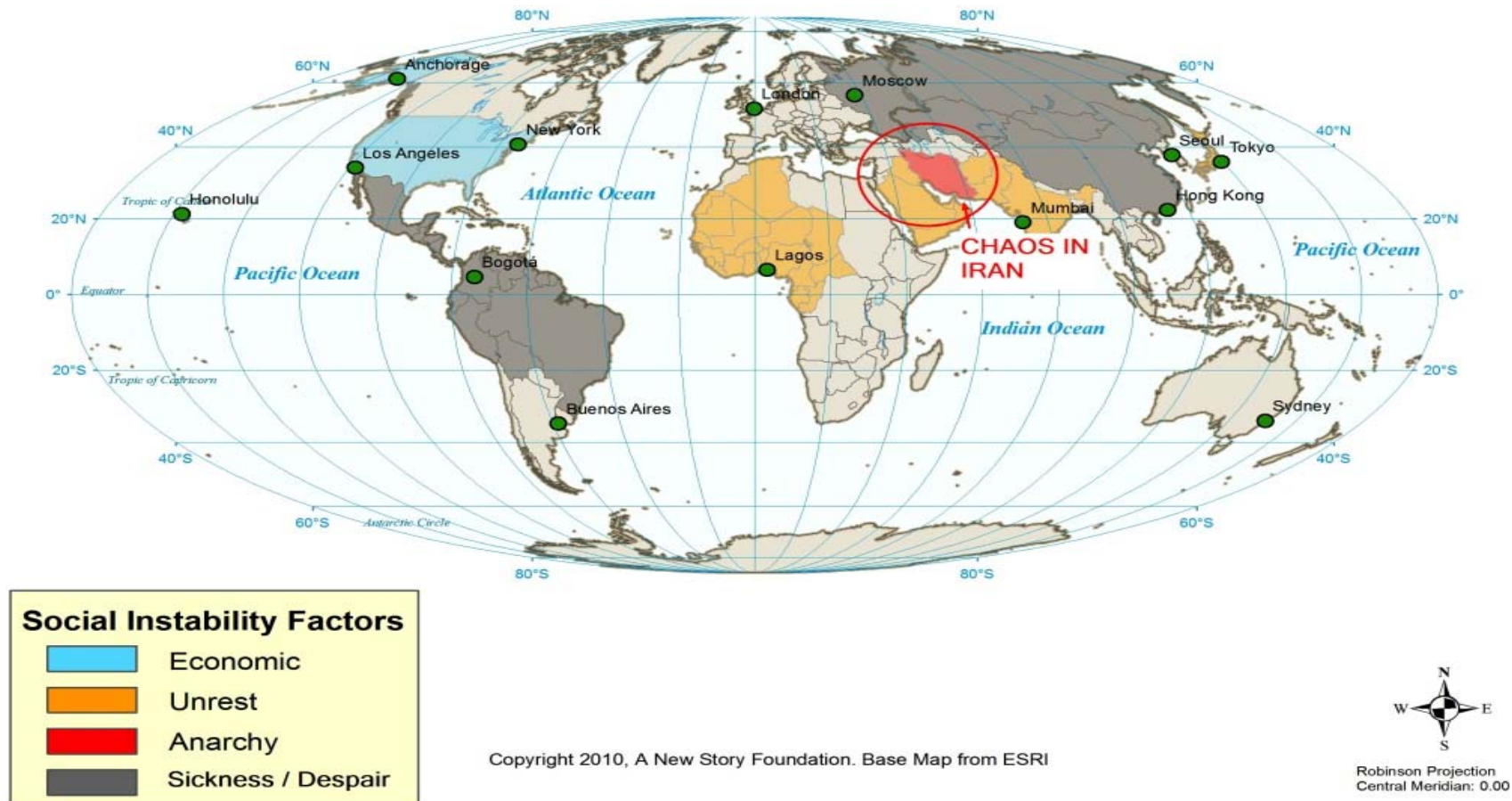
Date Range	Summary of Chart Indications
12/24 – 30	People are oblivious or in denial (9).
12/29 – 1/3	U.S. government looks "vulnerable" (11).
12/31 – 1/5	Geopolitical issues rise significantly (13). People are agitated and confused (9). Global system appears to breaking down again (8).
1/2 – 7	Elevated risk of extreme natural event(s) (7).
1/5 - 11	Economic concerns rise sharply. Deflation concerns replace those of inflation (13). Sharp stock market decline possible (11).
1/6 - 15	Global themes of economy, national identity, and isolationism (8,9).
1/8 – 20	U.S. government activity level elevated (11).
1/22 – 26	Panic response by global leaders or because of global leaders (8).

Human Perception of Nature - January 2010

Perception of Nature / the Earth

Nature is cold / deadly
Nature is warm, active, disruptive
The Earth is very wet.

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Robinson Projection
Central Meridian: 0.00

In anthropomorphic terms – The Earth is **SEEKING BALANCE**; seeking to right overlooked and neglected excesses.
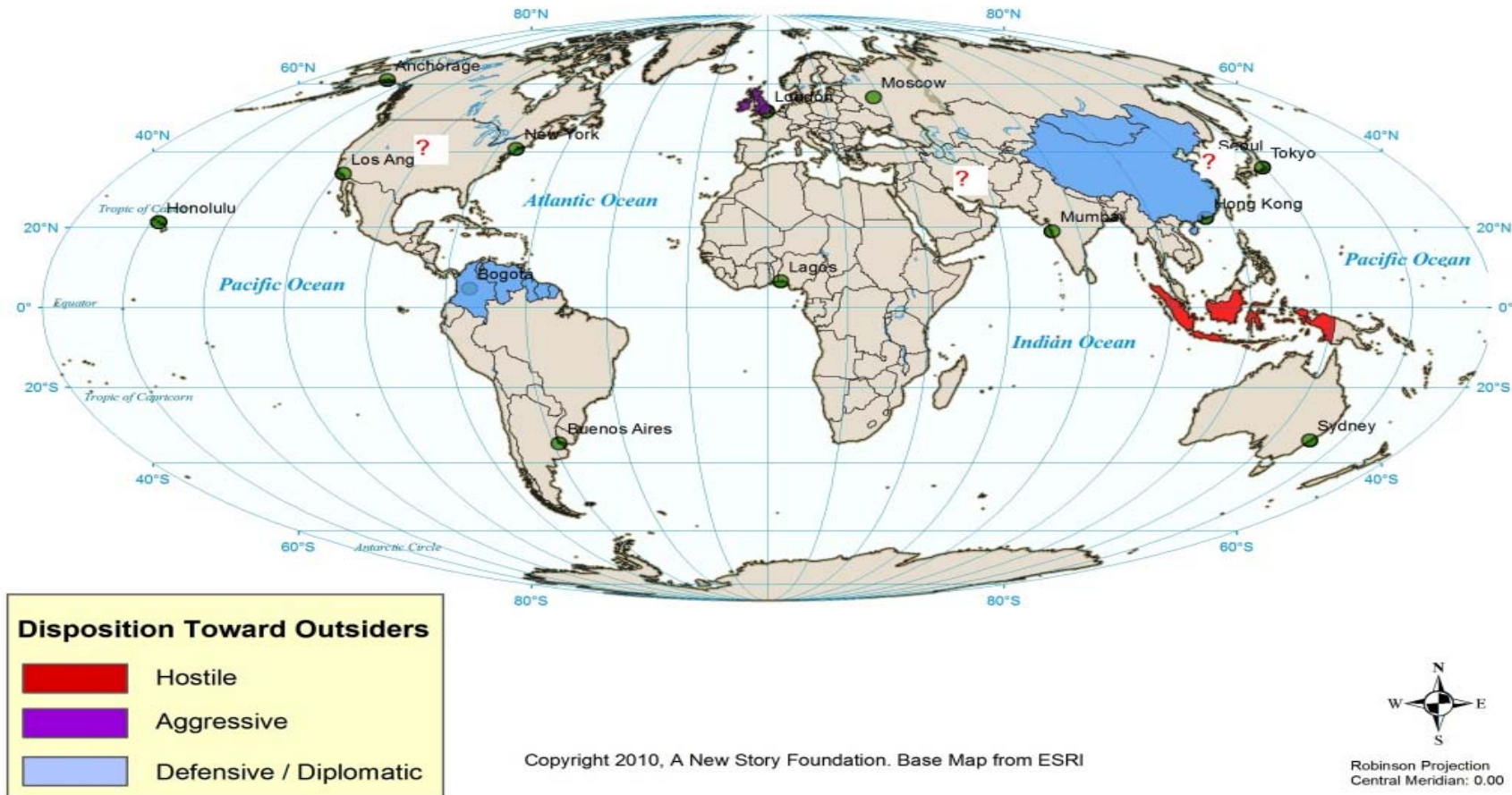
Possible physical manifestations – A view that Nature is **disruptive** or annoying indicates possible **disruptive weather** in the Eastern United States and Canada. However, with *El Niño* no longer in the picture (previously a red area off W. South America), this should be nowhere near the severity seen in December. In the region surrounding the Indian Ocean and South China Sea, the Earth is seen as **warm, active, and unstable**. This indicates a high likelihood of **tectonic activity** in this area. **Warm and unstable** indications at the South Pole points to continued trouble with excessive **melting ice** and floating icebergs. Hawaii residents find the world **very wet** this month. There could be some **flooding**. The combination of **cold and deadly** views of Nature in Eastern Asia may mean **severe winter weather** for Japan and parts of China.

Social Instability Factors - January 2010

Social Instability Factors
- Economic
- Unrest
- Anarchy
- Sickness / Despair

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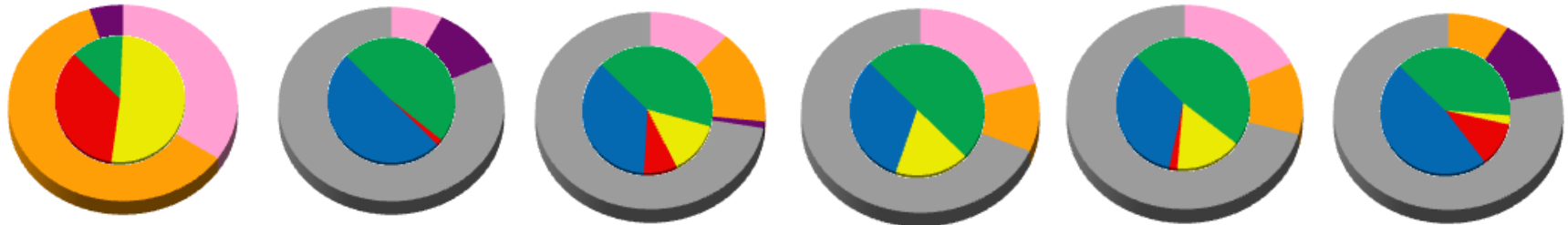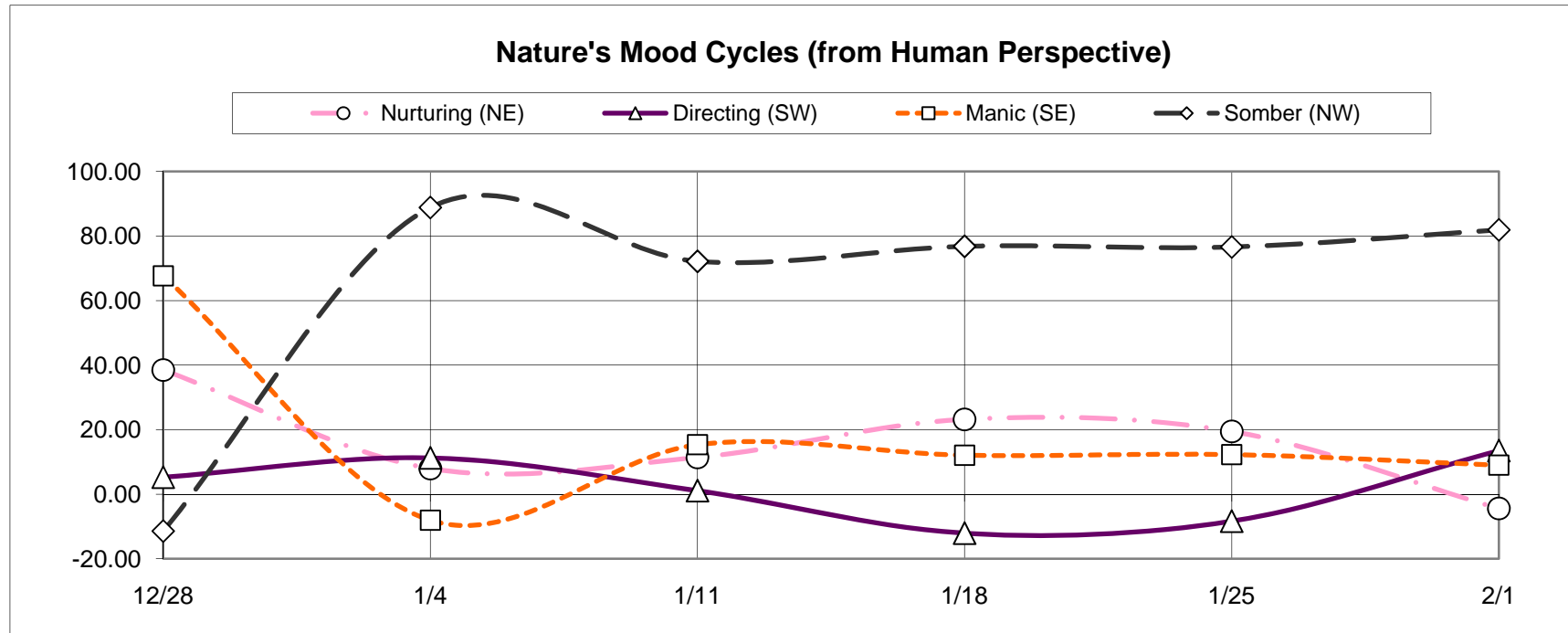Robinson Projection
Central Meridian: 0.00

Factors for social destabilization are worldwide in January. The primary issue in the United States is economic. Rising discontent in Western Africa, the Middle East, South Asia, and Japan, indicates a higher risk for protests and other displays of civil unrest. In Iran, the anarchy factor is elevated to an extreme. Much of the rest of the world, unwilling participants in this global upheaval, is sick and almost despairing.

Projected Geopolitical Posturing - January 2010

Disposition Toward Outsiders

Red	Hostile
Purple	Aggressive
Blue	Defensive / Diplomatic

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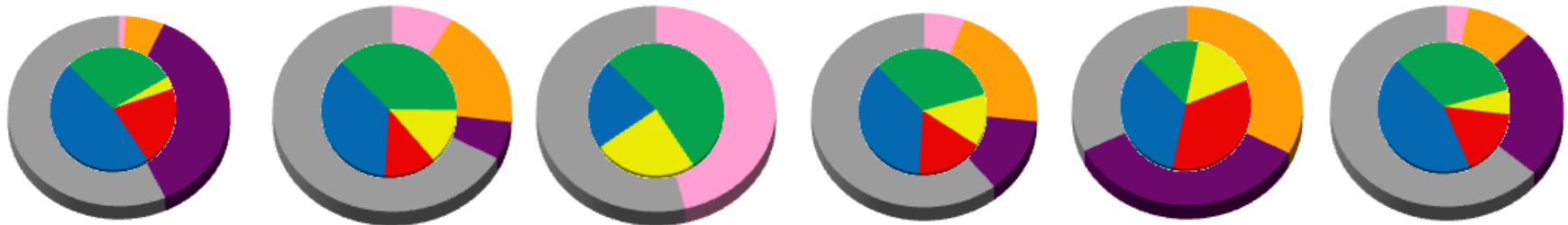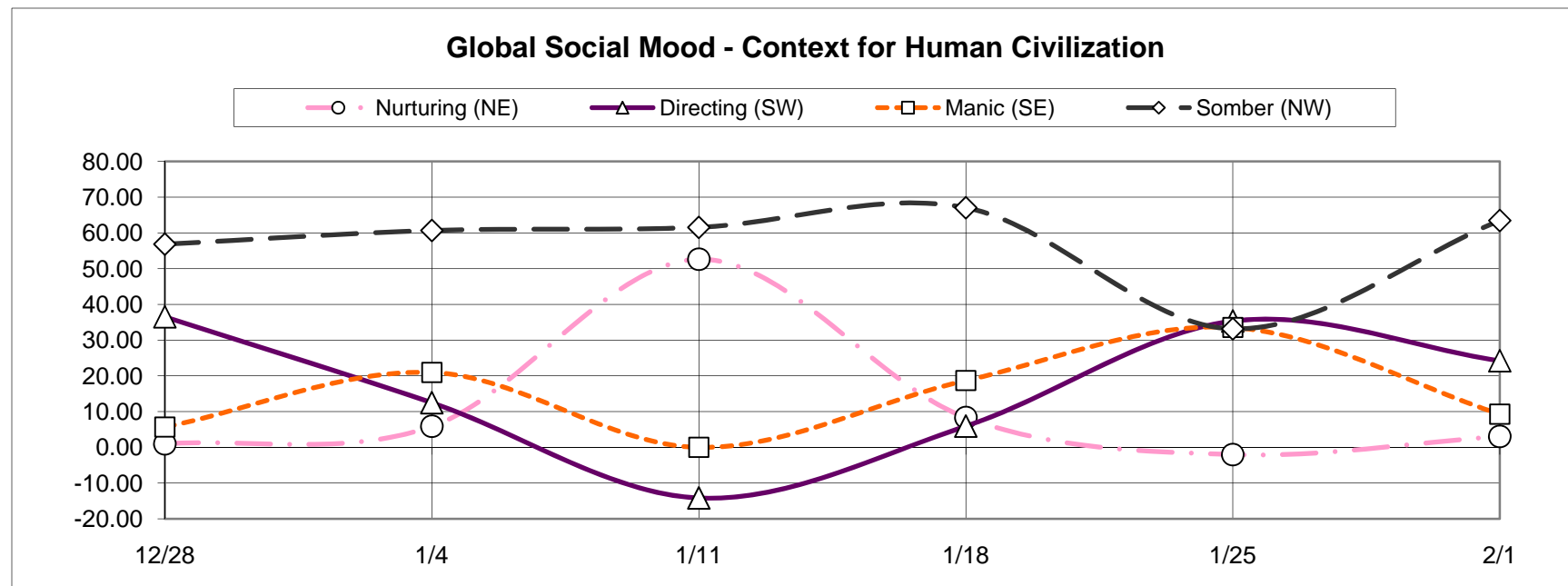
Robinson Projection
Central Meridian: 0.00

Despite the social and economic turmoil, there is an incredible lack of engagement between nations. Cooperation is at a standstill, and it's every nation for themselves. Decisions are being made by the United States as to how to best respond to Iran and N. Korea. The United Kingdom is leaning towards some type of hostile action. Indonesia takes a hostile stance or makes some type of hostile gesture, while China, Venezuela, and her neighbors are much more interested in continued negotiations.

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Nature's Mood Cycles (from Human Perspective)

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

Seriously Transforming	High Entropy	Searching for Balance; Not Particularly "Friendly"
Major natural event(s) possible with extreme surge in Somber and falling Manic.	Destructive event(s) possible.	Nature is seeking balance, and does not appear particularly human-friendly.

Global Social Mood - Context for Human Civilization

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

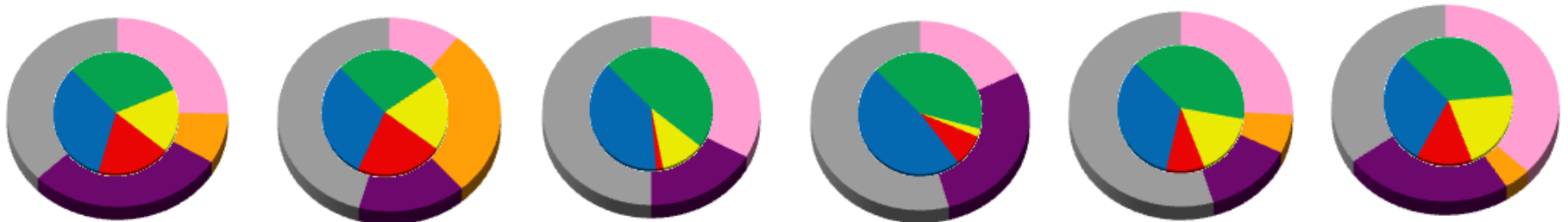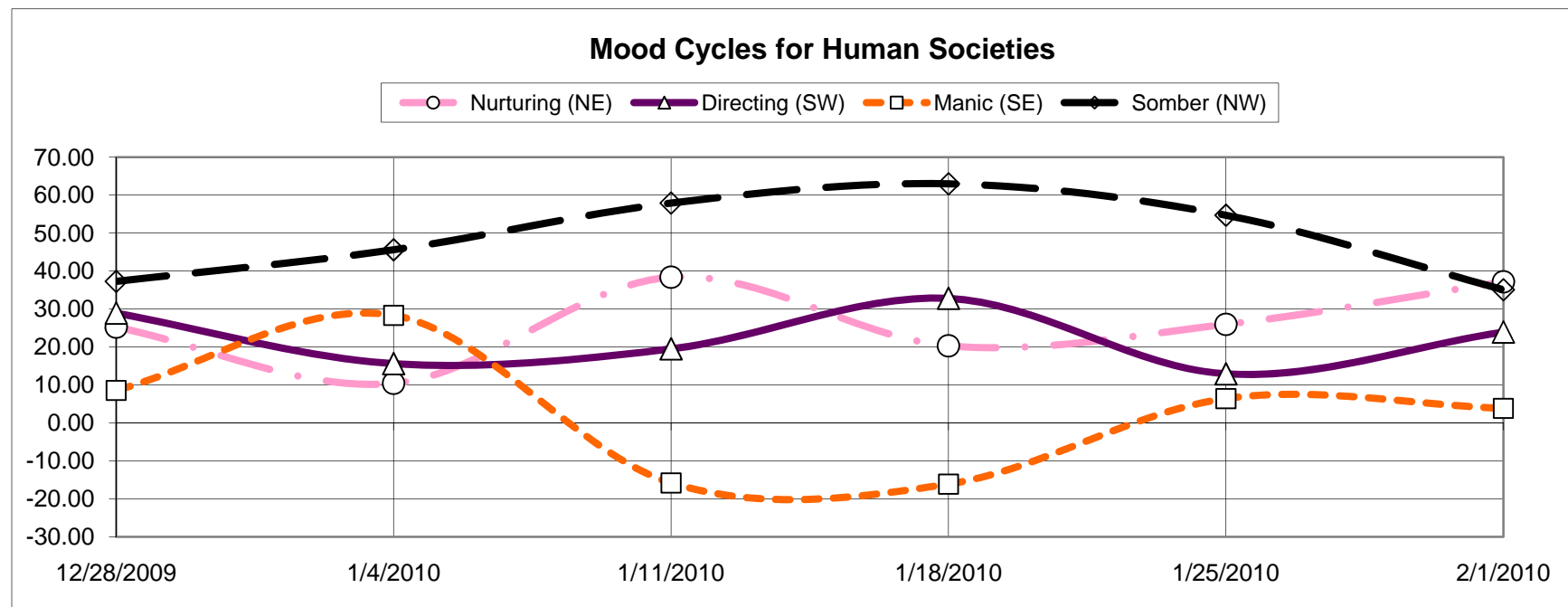| Falling Optimism	Isolationism! Economic Focus	Actions Leading to Panic	Denial to the Rescue, sort of.
Declining optimism (SW) is replaced with high entropy (NW/SE) on the 31st. The New Year begins with the mood serious and pessimistic.	Economic issues are prevalent with both North factors high. The NW/NE configuration points to isolationism as a preference instead of cooperation.	Rising South factors indicate a need for action. However, between the 22nd and 26th a panic configuration results.	Things are still serious, but denial is on the rise.

Mood Cycles for Human Societies

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

| *Decline and Isolationism*	*In Search of Identity and Gumption.*
Optimism is replaced with notions of degradation and imminent decline with both entropy factors high Dec. 30th – Jan. 5. This is followed by a desire for isolation as a society (NW/NE).	*A Somber mood prevails. Markets may vacillate aimlessly as people could be focused on other concerns. With identity a prime focus, areas of extreme upheaval (e.g. Iran) may seriously flirt with regime change.*

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

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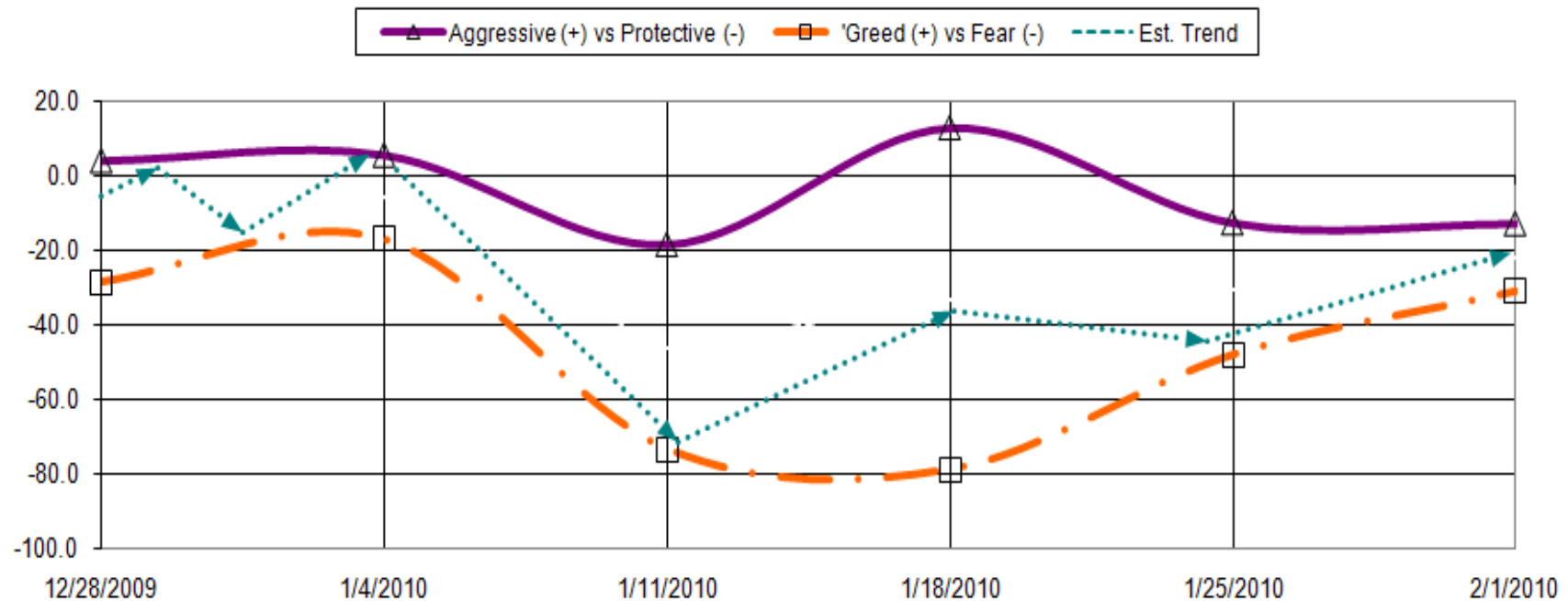
Explanation of chart lines: It is common knowledge among traders that movement in the stock market is based on a "tug of war" between pairs of sentiment. This charts the two primary pairs which correspond to the general stock market trend. "Aggressive vs Protective" is the difference of the values of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

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.

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Perception of the U.S Government

Legend: ○ Nurturing (NE) △ Directing (SW) □ Manic (SE) ◇ Somber (NW)
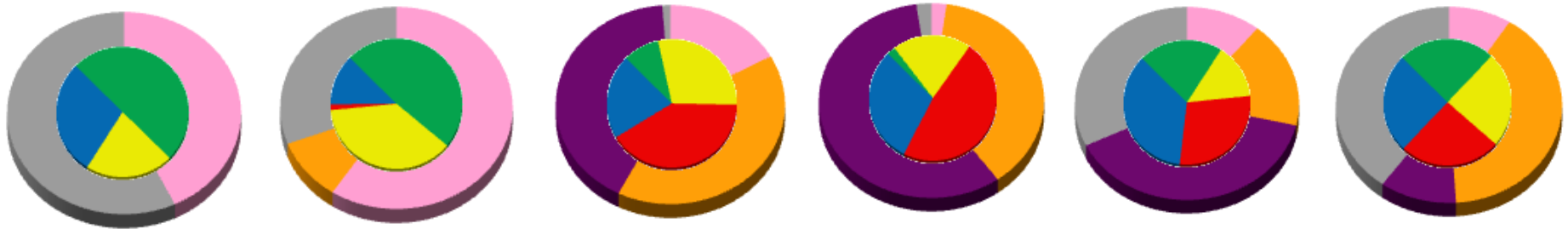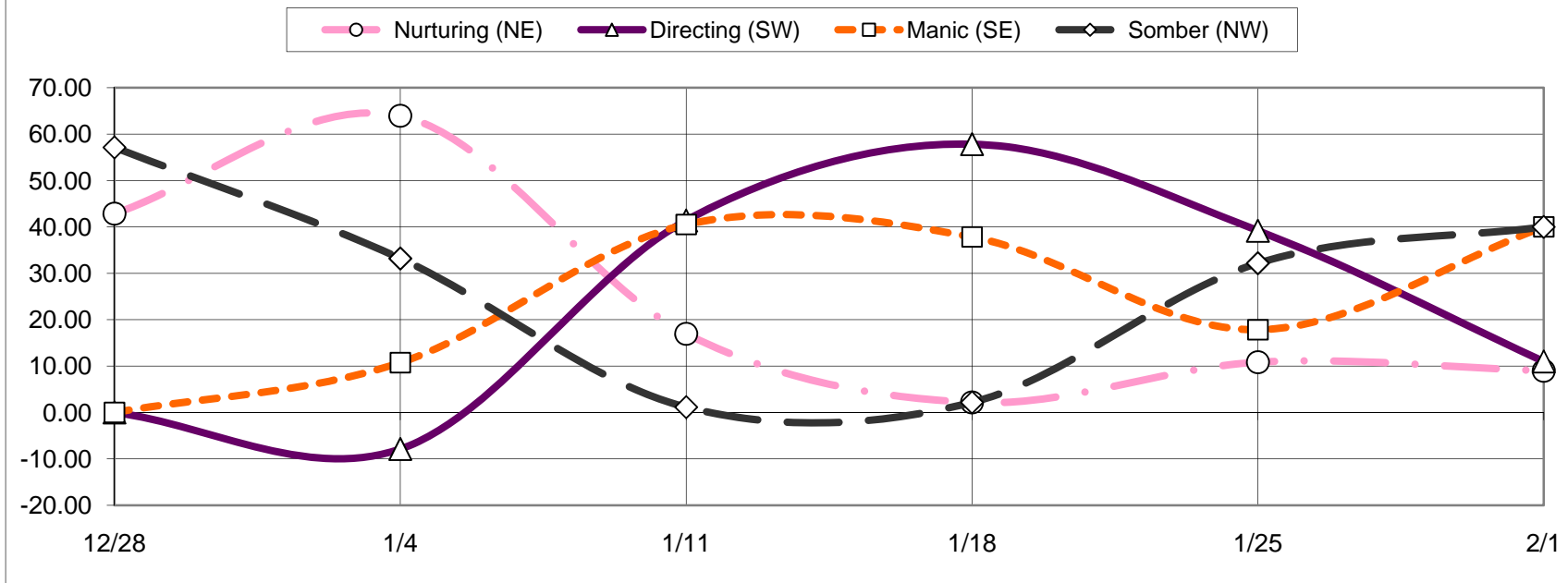
| Vulnerable	No More Mister Nice Guy; Action Required	Good & Evil
The U.S. is extremely vulnerable looking (high NE/low SW).	The government goes into high gear trying to get things done. This may be domestic action, such as the introduction of a new stimulus package and/or geopolitical action, such as needed responses to Iran, N. Korea or the threat of terrorism.	Popularity is low. The government is polarized.

Perception of U.S. Dollar => Change per Week
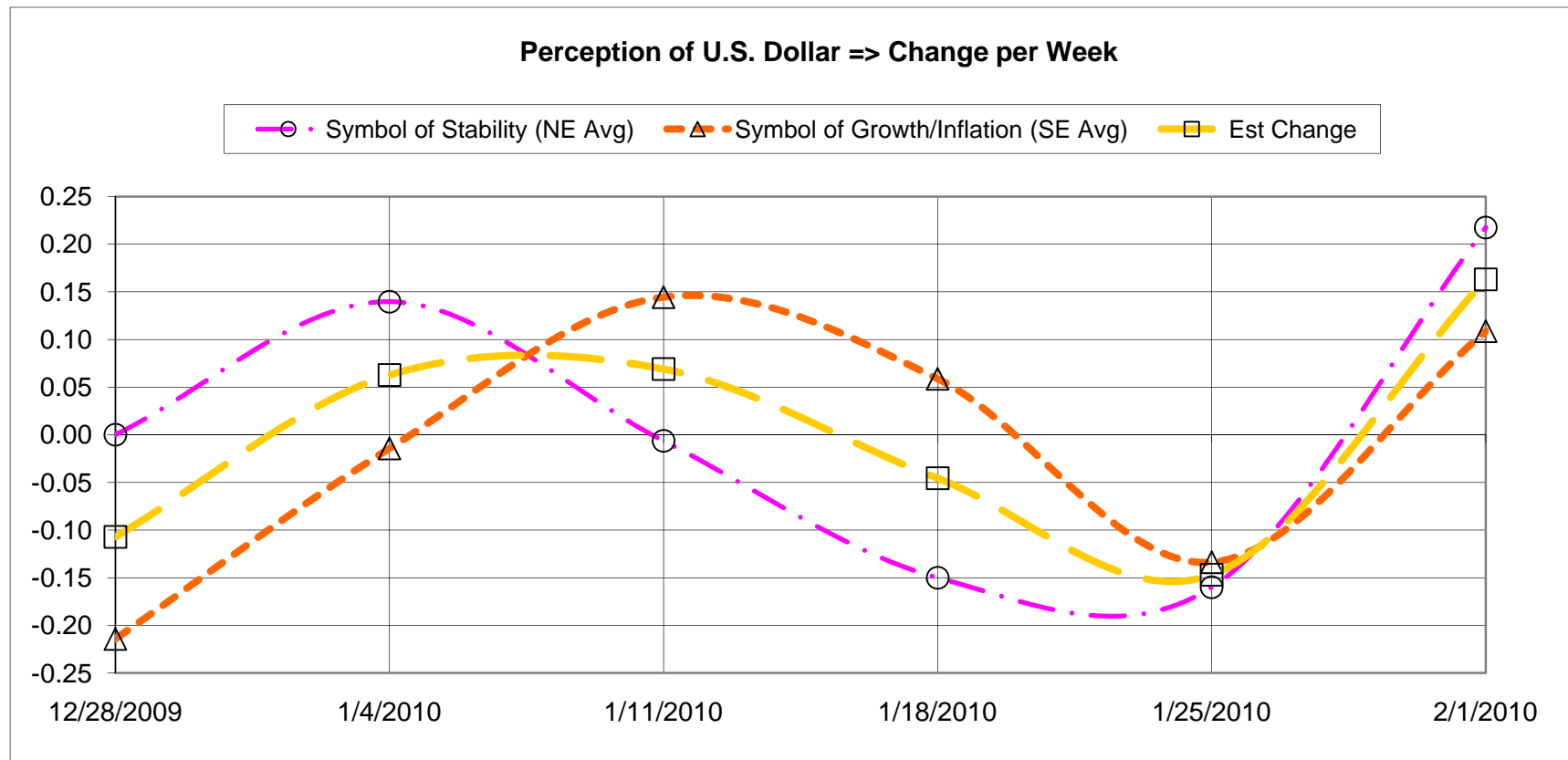
Explanation of chart lines: *The Dollar is a symbol of value, but it not attached to anything "real" such as gold as it was in the past. Its value is based on sentiment, and on the trust of a government to honor its debts. Because of this, its value ebbs and flows along with the oscillations of perception 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 foreign exchange picture for January is turbulent and indecisive. Is the Dollar the right choice to turn to for safety? The Euro? An ambivalent Dollar chart in times of stress often indicates another choice. The Japanese Yen is one such possibility.

Factors (percent) Contributing to the Price of Crude Oil
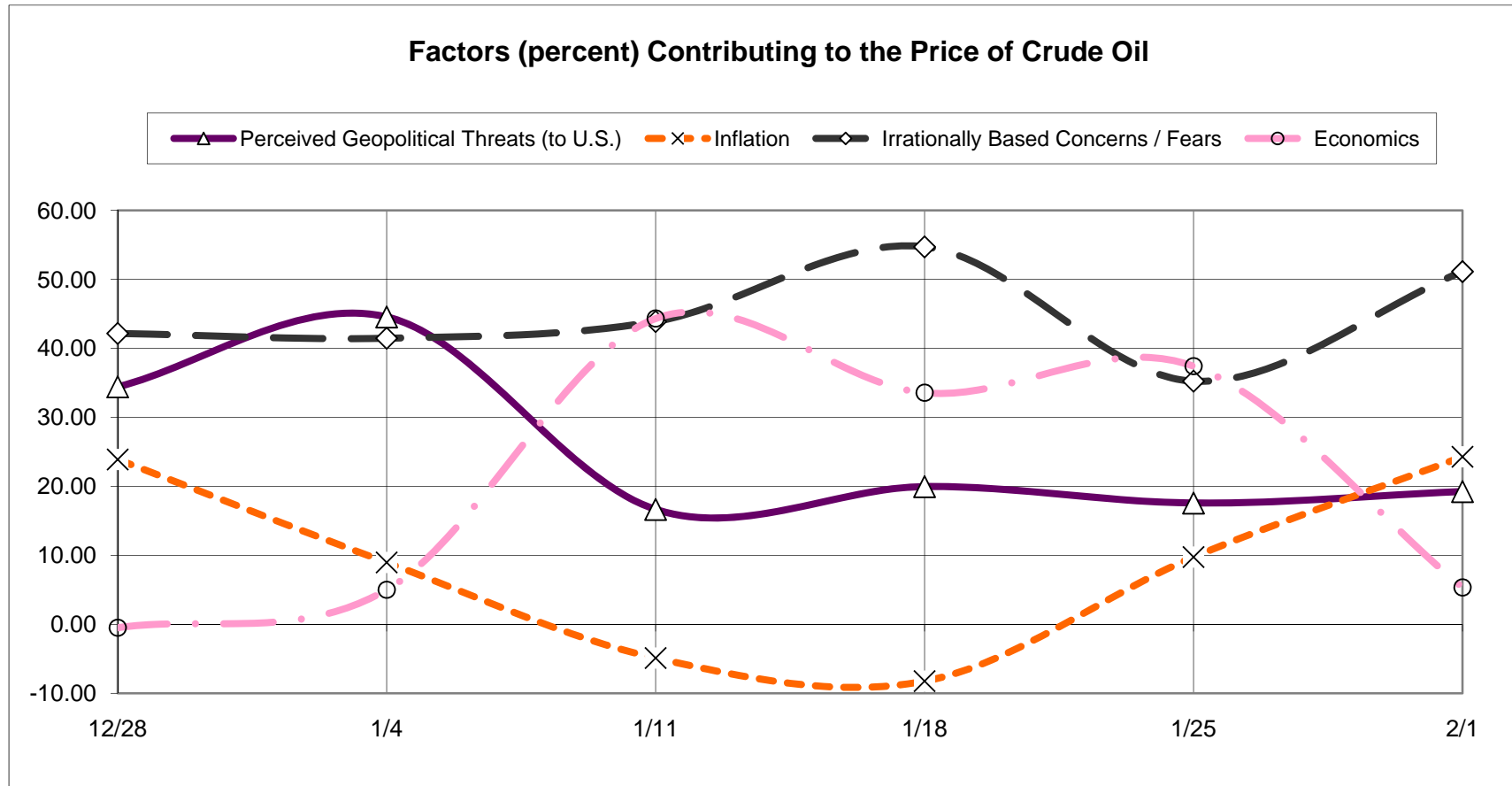
Explanation of chart lines: *The values for the Moodlines (Directing, Manic, and Somber) for U.S. View of "the World" are used to produce this chart. This chart is useful in searching for potential geopolitical events, and escalated irrational fears of supply disruption. It is also useful as a check 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.*

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.

How We Did – Comparing our Charts with Actuals

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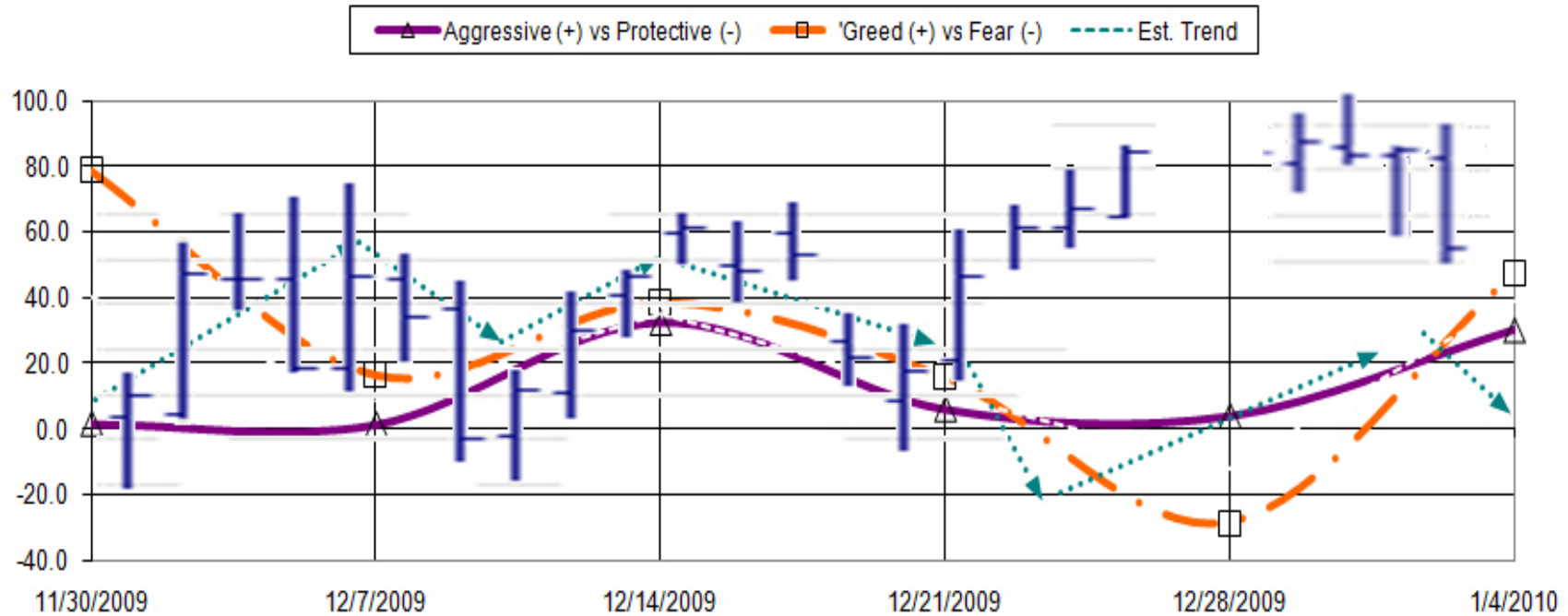
Actual data source: futuresource.com

S&P (*from previous issue*): *The markets should take a choppy downward path through the 22nd. There may be a rally immediately before and after the Christmas holiday. There is likely at least one more big rally left in the market as this decline has the appearance of a countertrend move.* Actual: The markets took a choppy downward path through the 18th, followed by a "Santa Clause" rally. With the exception of the 21st, where the rally began, movement followed our model extremely well.

How We Did – Comparing our Forecasts with What Happened

Verifiable statements from Week by Week Highlights, December issue, page 2:

Nov 30 – Dec 6	U.S. Dollar turns up	Yes, on 12/4.
Dec 7 – 13	Increased likelihood for displays of civil Unrest. Violence on the increase.	Violence surge in Iraq, Iran, Pakistan, Athens, Copenhagen
Dec 14 – 20	Sharp sell-off in U.S. Dollars or Treasuries	Treasuries sold off
Dec 21 – 27	Disruptive holiday weather likely	Extensive snow and blizzards
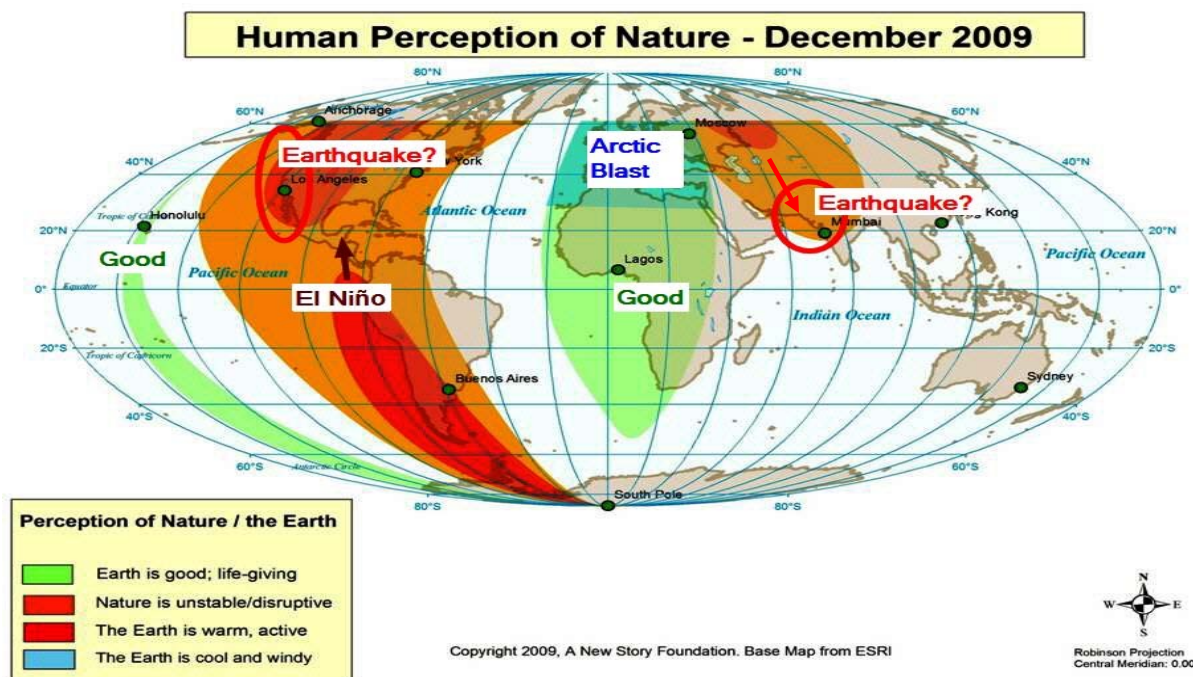
Forecast: A view that Nature is **disruptive** or annoying is prevalent in the Americas and Western Asia. This accompanied by the El Niño effect may signal **disruptive weather** in the United States (which could make holiday travel somewhat annoying). The combination of active and disruptive indicates a higher than normal probability for an **earthquake** on the U.S. west coast. Pakistan and the surrounding area show a similar indication. A combination of cool and windy in Europe makes **an arctic blast** a strong possibility. The best **feel good** places in Nature are Hawaii and Western Africa.

Actual: Orange - Houston gets earliest snowfall on record (4). Powerful snowstorm sweeps across U.S. (7). Flight delays, cancellations due to big U.S. snowstorm (9). Mudslides strand cars on California highway (13). Most December snow in 70 years expected in Washington D.C. (18). Snowed in! Winter Storm snarls flights and roads (19). Treacherous weather disrupts holiday travel (26). Thousands of homes evacuated in Argentina floods (29). Red - Moderate earthquake jolts Pakistan (5). 5.8 Earthquake shakes San Diego (30). Light Blue - Snow shuts down Britain (18). Moscow cold kills 2; freezes ATMs (18). Severe cold in France; Eurostar train cancelled (19). Weather takes further toll on Europe (22).

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
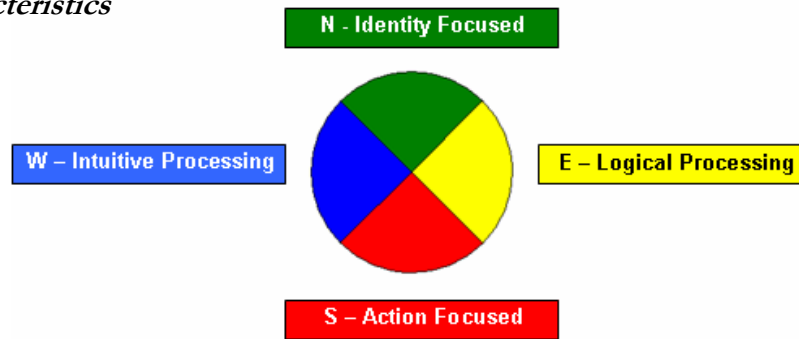
Hybrid Characteristics

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.
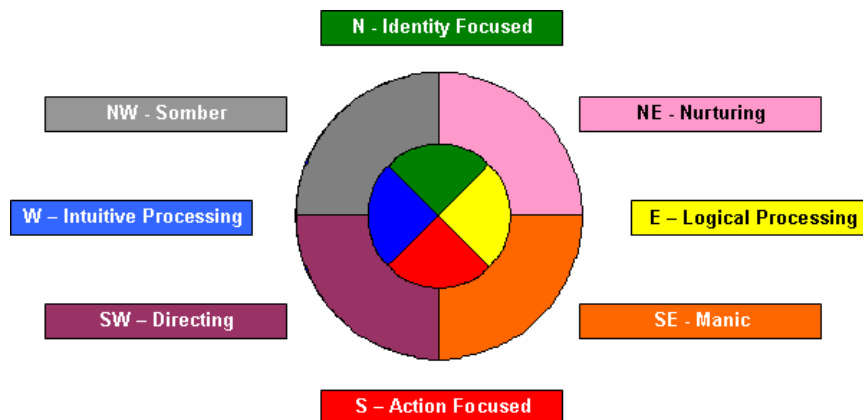

Tracking Profiles Over Time

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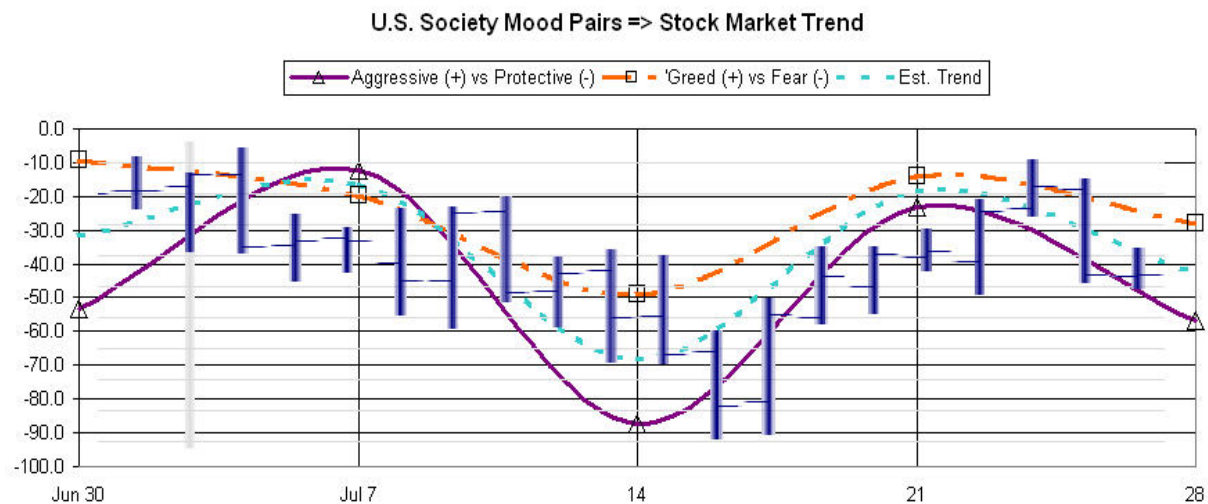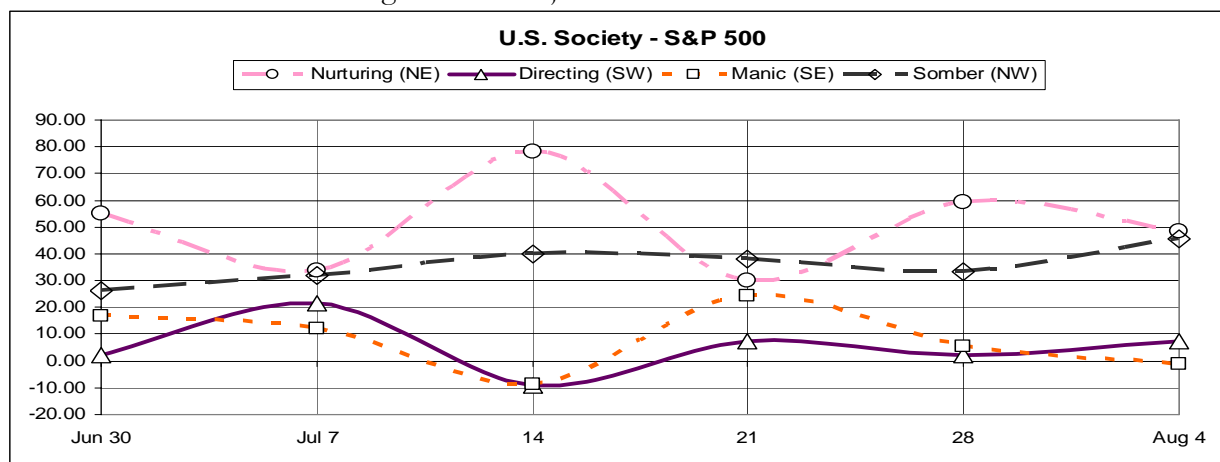
Philosophy and Methodology: For more information on our research and methodology, please see: http://anewstory.org/documents/methodology.pdf.

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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