

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

January 2011

Highlights: Korea/geopolitical escalation · Civil unrest/violence · Market  
volatility · Isolationism increase · U.S. Dollar gains

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## January 2011 – A New Normal for a New Year

The year begins with hope for the future, and optimism that things are finally getting back on track—economic recovery perhaps is possible. Yet, before the year is into double digit days, a major paradigm shift should be seen to be taking place. The catalyst for this shift may lie in the geopolitical picture. In a global economy, how can any single country or region expect to do well when another is in disarray? With a significant escalation in the Korea situation likely and Asian economies sure to be directly impacted, how can the West expect to remain immune? Is the U.S. debt going to remain largely irrelevant while European countries and states within the United States struggle with defaults and restructuring?

Given the collective mood for the month, January appears to be a month of rebalancing. Exuberance and recklessness should give way to caution and risk aversion. Gestures of cooperation on the part of world leaders and governments should give way to increasing displays of isolationism and protectionism. Attempts at political harmony could turn to outright enmity. Overbought markets should give back some of last year's gains, and the U.S. Dollar should make quite a comeback against other currencies.

The human perception of the natural world exhibits this same theme of rebalancing in an aversion of excess energy. Some of the ways this could manifest would be below normal temperatures, heavy precipitation, and releasing of tectonic energy in the form of earthquakes.

By the end of January there may be a strong feeling that the year has begun in a wrong direction, and a collective cry may be heard, "Could we just start the New Year over?"

### Highlights:

**Jan 3 - 19: New Year, new paradigm.** U.S. Government in panic mode or causing panic; extreme polarization. Global leaders perceived as delusional or clueless. Apathy and despair on a societal level. Increased hate and intolerance. Safety seeking behavior likely. Geopolitics and instability are key factors affecting markets; stock market declines. U.S. Dollar makes large gains against other currencies. Increasing concern with deflation.

**Jan 20 – Feb 2: Finding a new normal.** Global trend of isolationism on the rise. U.S. government briefly flirts with cooperation out of necessity, and then moves into action as polarized factions. People put on "rose colored glasses" and decide that things may not be that bad after all. Markets climax and rebound.

**Feb 3 - 6: Storm clouds.** A new set of problems are appearing on the horizon.

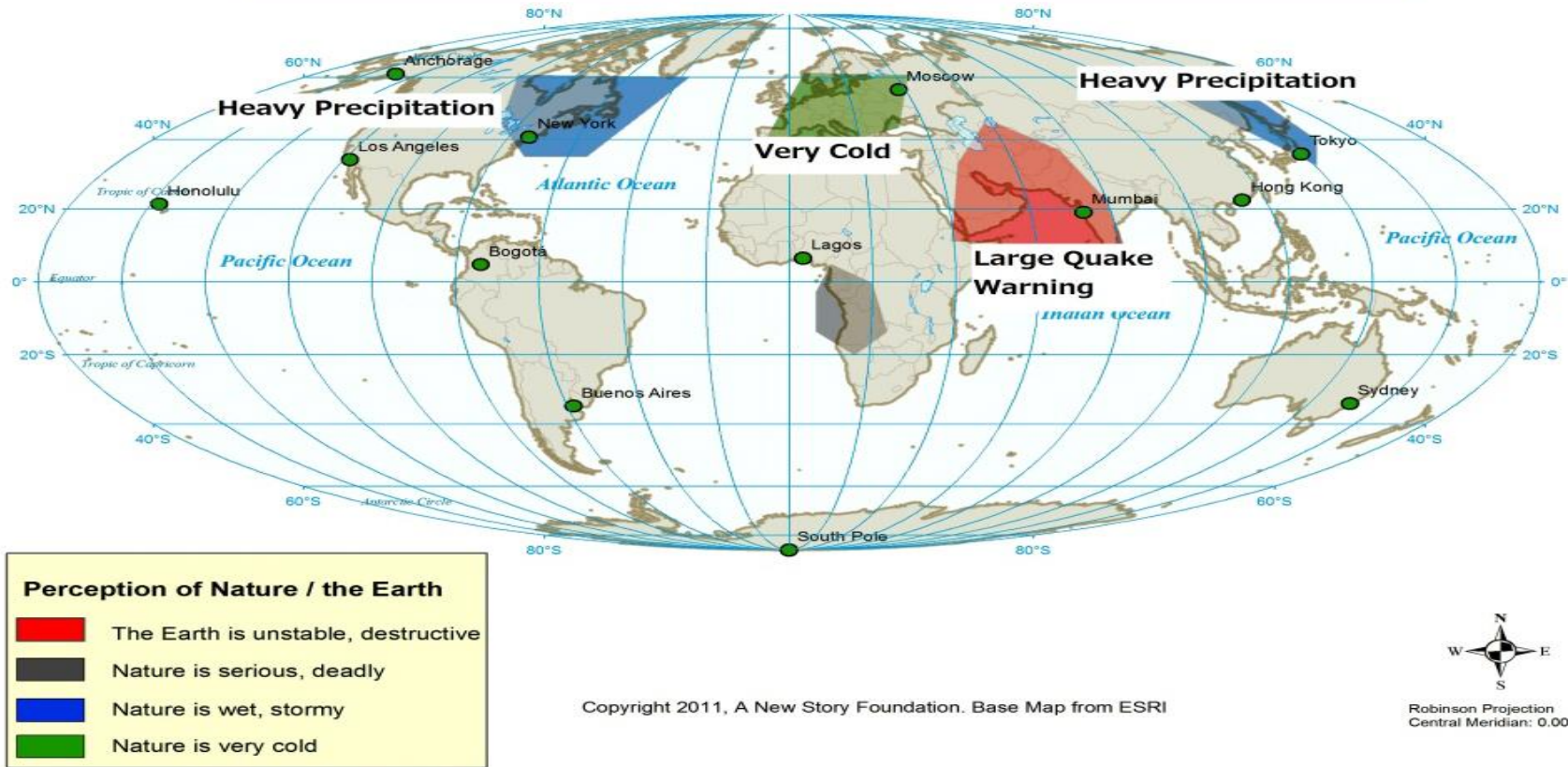
*The charts on the following pages will go into further detail of the social mood changes and corresponding market behavior for this time period. The last few pages of this document will give you a brief orientation to the MoodCompass.*

## 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                                                                         |
|------------|------------------------------------------------------------------------------------------------------|
| 1/3 - 7    | U.S. Government in panic mode or causing panic (8b).                                                 |
| 1/3 - 12   | Apathy and despair on a societal level. Increased hate and intolerance (8a).                         |
| 1/3 -21    | Stock market sell-off likely (9a).                                                                   |
| 1/4 - 11   | Geopolitics and instability are key factors affecting markets (10).                                  |
| 1/4 – 17   | Global leaders perceived as delusional or clueless (7b).                                             |
| 1/8 – 19   | U.S. government perceived to be “in decline” or non-functional; extreme polarization (8b).           |
| 1/10 – 21  | U.S. Dollar makes large gains against other currencies (9b). Increasing concern with deflation (10). |
| 1/13 – 19  | Social insecurity. Safety seeking behavior likely. Climaxing market moves (8a).                      |
| 1/18 – 2/2 | Global trend of isolationism on the rise (7b).                                                       |
| 1/20 – 27  | U.S. government briefly flirts with cooperation out of necessity (8b).                               |
| 1/20 – 2/6 | People put on “rose colored glasses” and decide that things may not be that bad after all (8a).      |
| 1/28 – 2/2 | U.S. government factions, still highly polarized, move into action (8b).                             |
| 2/3 - 6    | New problems on the horizon (7b, 8a).                                                                |

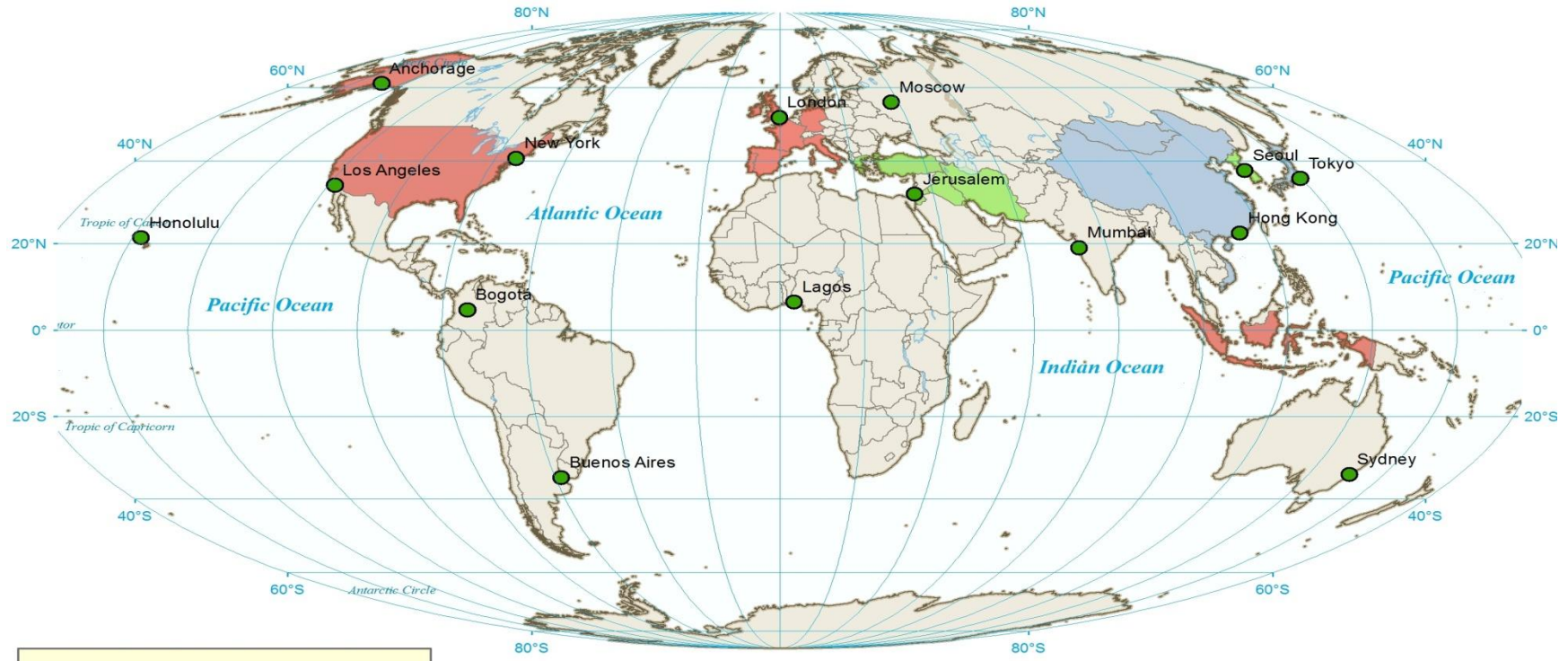
**Human Perception of Nature - Jan 2011**



**In anthropomorphic terms** – Nature is **BALANCING EXCESS**. Nature shows an aversion to excess energy. Manifestations may include extreme cold, heavy precipitation, and increased tectonic activity (e.g. earthquakes releasing fault energy).

**Possible physical manifestations** – The Earth is seen as **UNSTABLE/DESTRUCTIVE** in Southwest Asia. This generates a large earthquake warning. Nature is **VERY COLD** in much of Europe. Expect colder than usual temperatures. Nature is **WET/STORMY** for residents of Northeastern North America and Far East Asia. **Heavy precipitation** is likely. Nature is viewed as **SERIOUS/DEADLY** in Southwestern Africa.

## Social Instability Factors - January 2011



| Social Instability Factors |                   |
|----------------------------|-------------------|
|                            | Unrest / Violence |
|                            | Economic & Unrest |
|                            | Economic          |

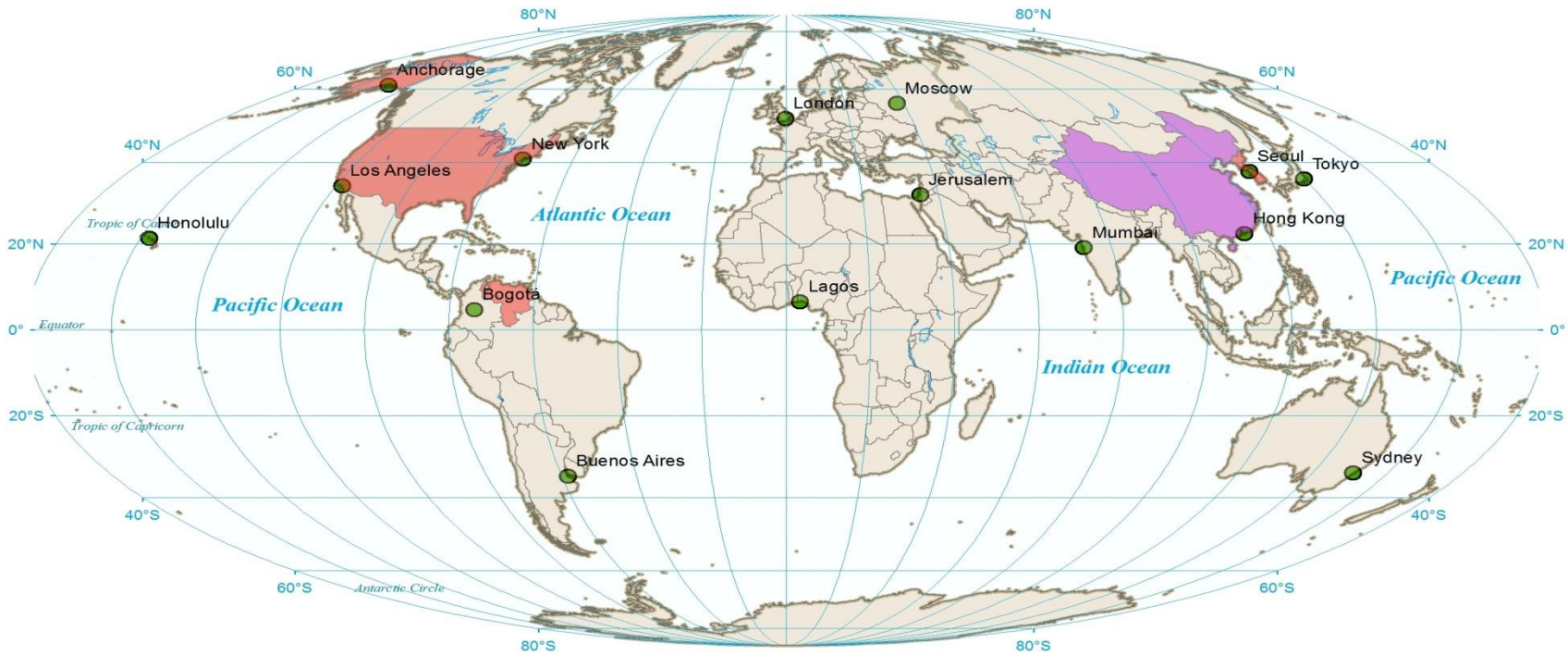
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Robinson Projection  
Central Meridian: 0.00

Asian economies should experience economic contraction and/or instability, possibly as a result of an escalation in the Korea situation. In the West, social unrest and violent outbreaks continue to be a problem. In the Middle East, a combination of unrest and economic troubles appears likely.



**Projected Geopolitical Posturing - January 2011**



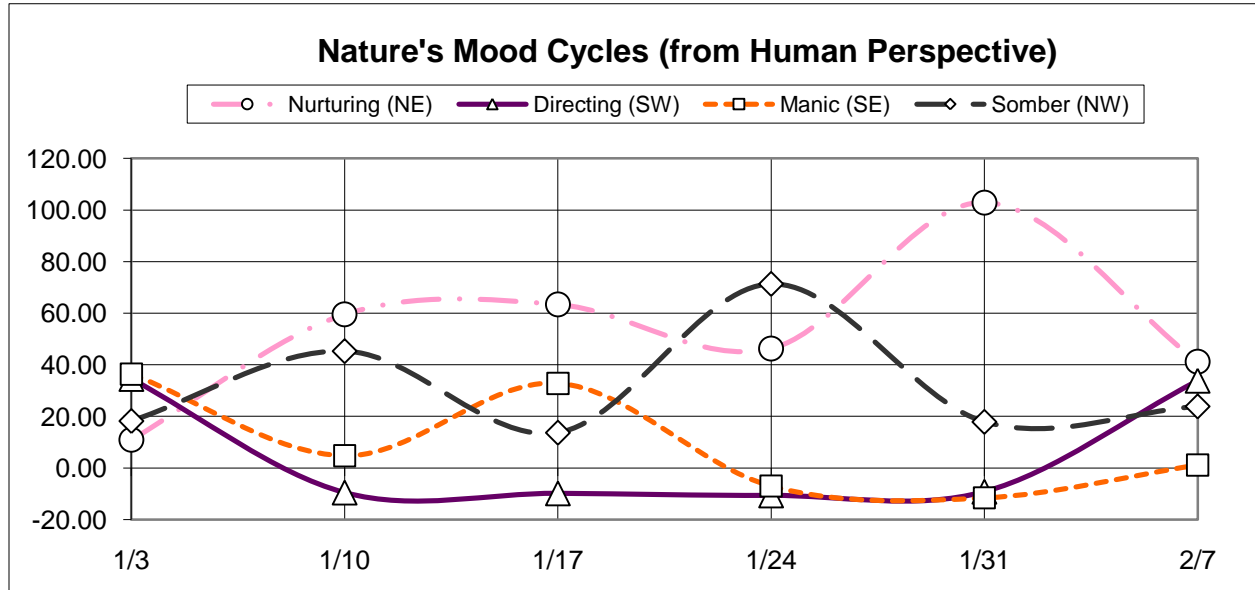
**Disposition Toward Outsiders**

|                                                                                                  |                        |
|--------------------------------------------------------------------------------------------------|------------------------|
| <span style="display:inline-block; width:20px; height:10px; background-color:red;"></span>       | Hostile / Escalating   |
| <span style="display:inline-block; width:20px; height:10px; background-color:purple;"></span>    | Aggressive / Alert     |
| <span style="display:inline-block; width:20px; height:10px; background-color:lightblue;"></span> | Defensive / Diplomatic |

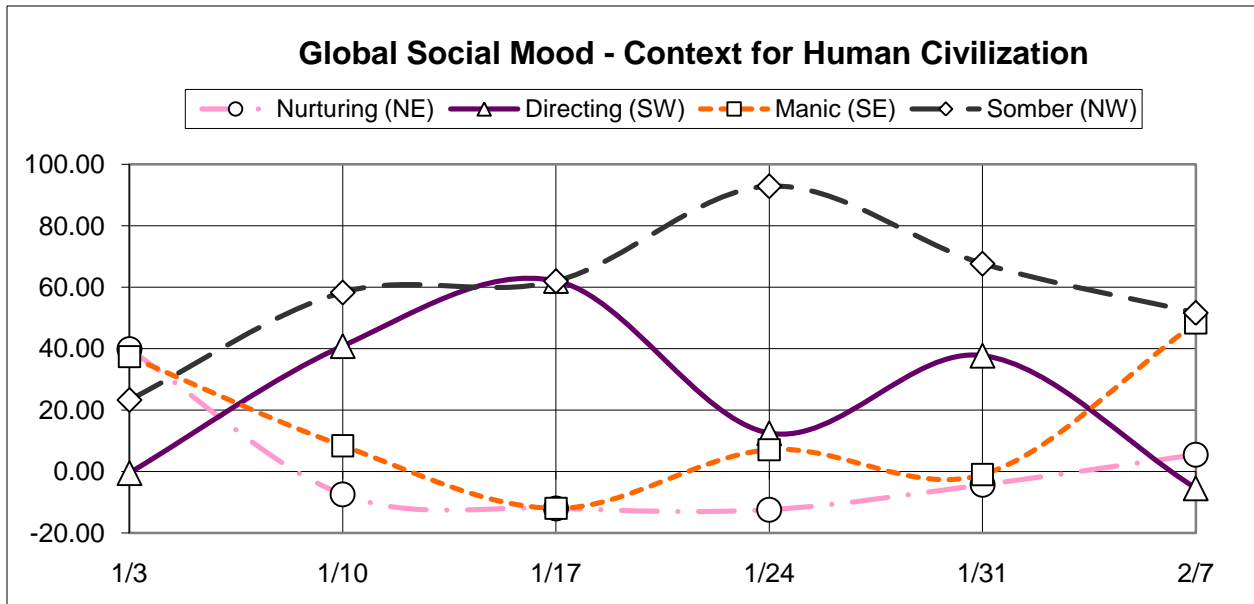
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Robinson Projection  
Central Meridian: 0.00

The geopolitical picture is both simple and ominous for January. The most likely scenario is a significant escalation of the Korea situation.

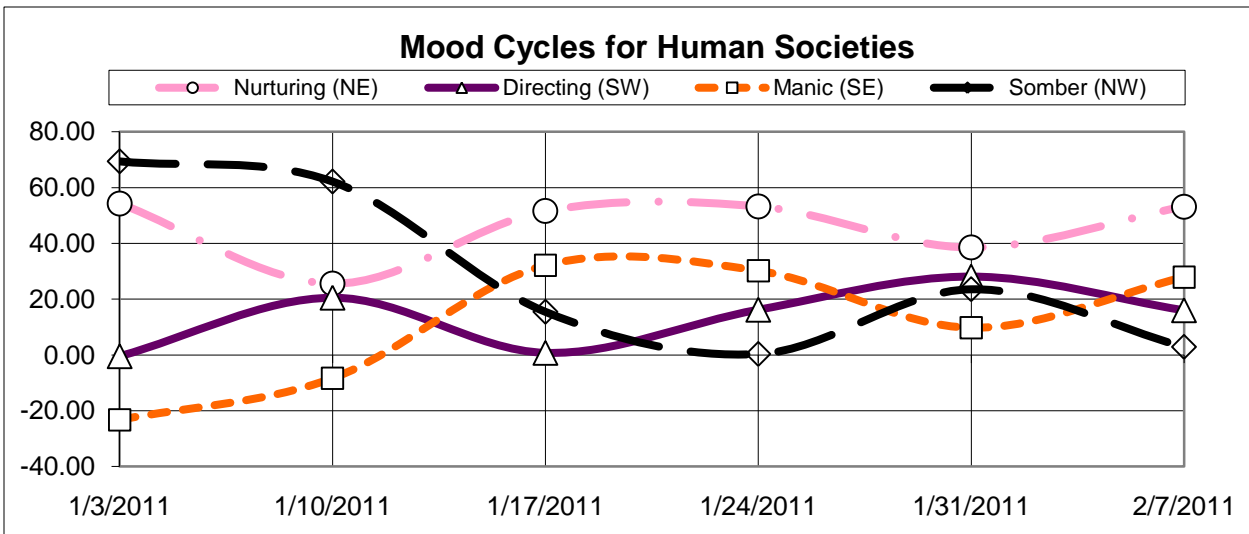


**Balancing Excess**  
*A month long pattern indicating nature having an aversion to excess energy. Manifestations may include extreme cold, heavy precipitation, and increased tectonic activity (e.g. earthquakes releasing fault energy).*

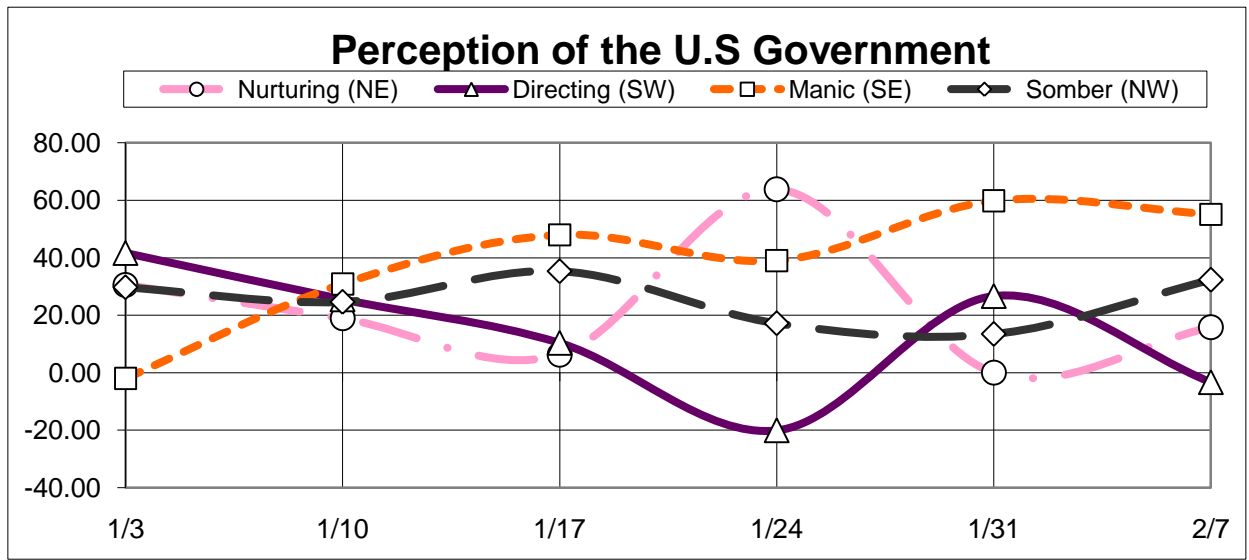


**Delusional, Dazed**  
*Global leaders are perceived as delusional or clueless (NW, SW).*

**Isolation, Inertia**  
*It's nearly impossible for global leaders to work together toward a common goal. Isolationism trend (NW).*

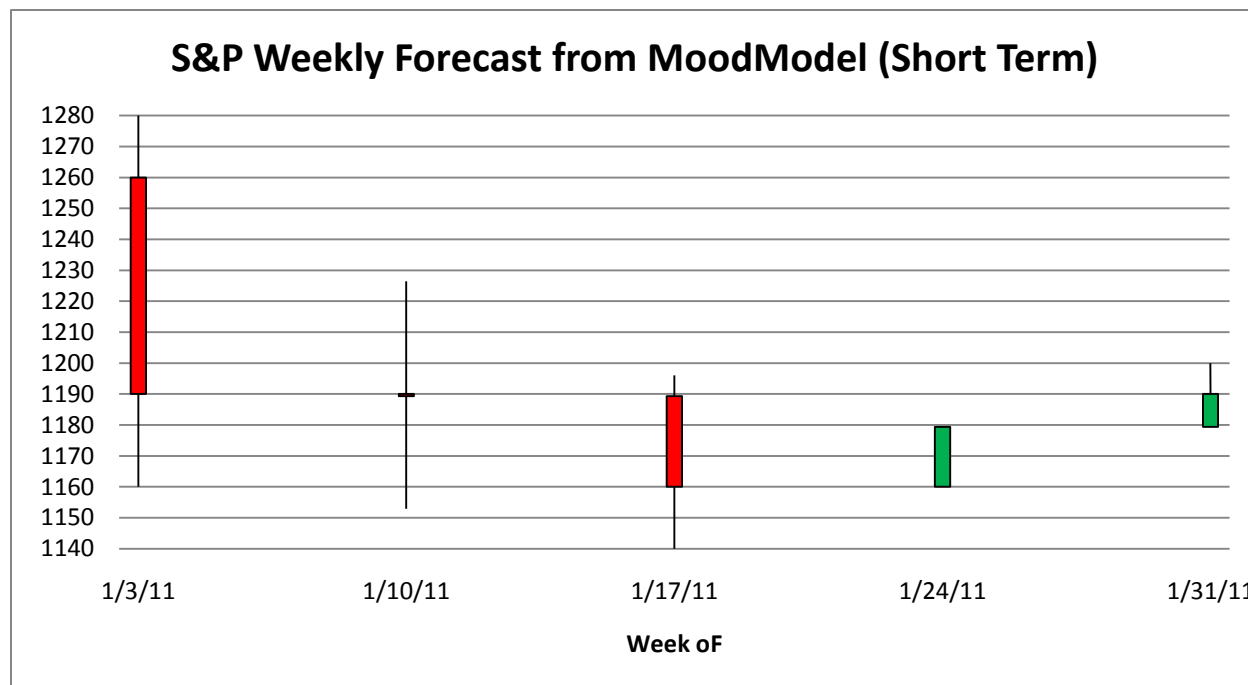


|                                                                                                                                          |                                                                                              |                                                                                                                        |
|------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| <p><b>Bewilderment</b><br/>Apathy and despair on a societal level (NW). Increased hate and intolerance (NW, collapsing phi factors).</p> | <p><b>Insecurity</b><br/>Safety seeking behavior likely. Climax market moves (NE+, SW-).</p> | <p><b>Rose Colored Glasses</b><br/>People find a way to see that things aren't really that bad after all (NE, SE).</p> |
|------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|



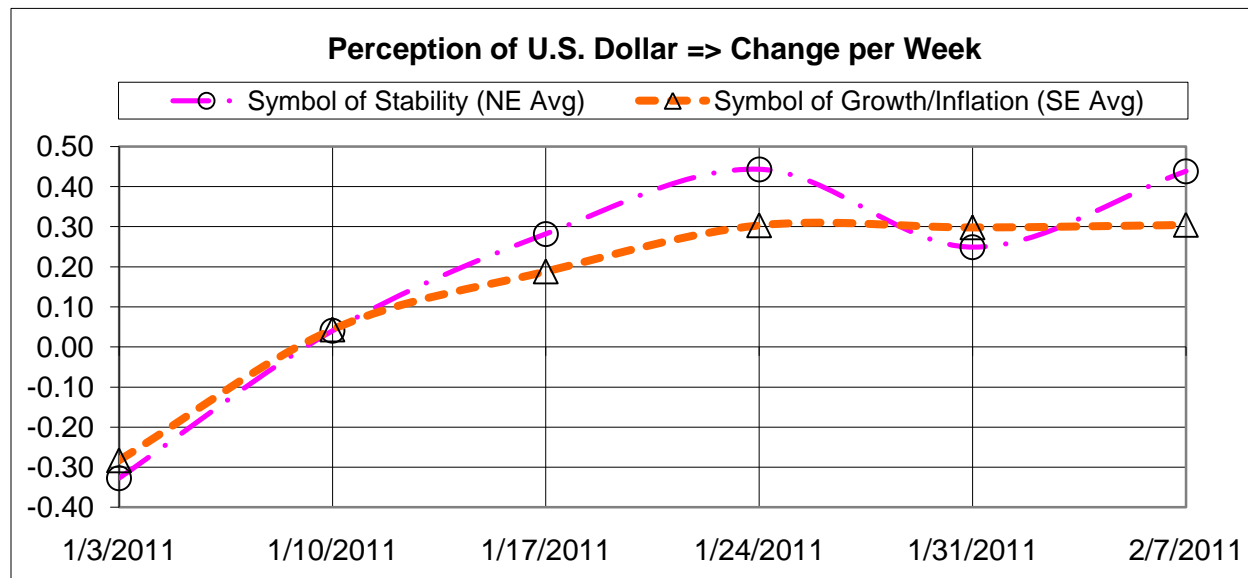
|                                                                                                               |                                                                                                                   |                                                                                                        |                                                                                                                     |
|---------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
| <p><b>Panic Time</b><br/>Somebody better do something<br/>Actions due to panic or causing panic. (SW/NW)!</p> | <p><b>In Decline</b><br/>High entropy factors indicate perception of a polarized, non-functioning government.</p> | <p><b>Cooperate?</b><br/>Government briefly flirts with cooperation in stressful times (NE+, SW-).</p> | <p><b>Into Action</b><br/>High S factors signify a resolution toward action. Government still highly polarized.</p> |
|---------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|





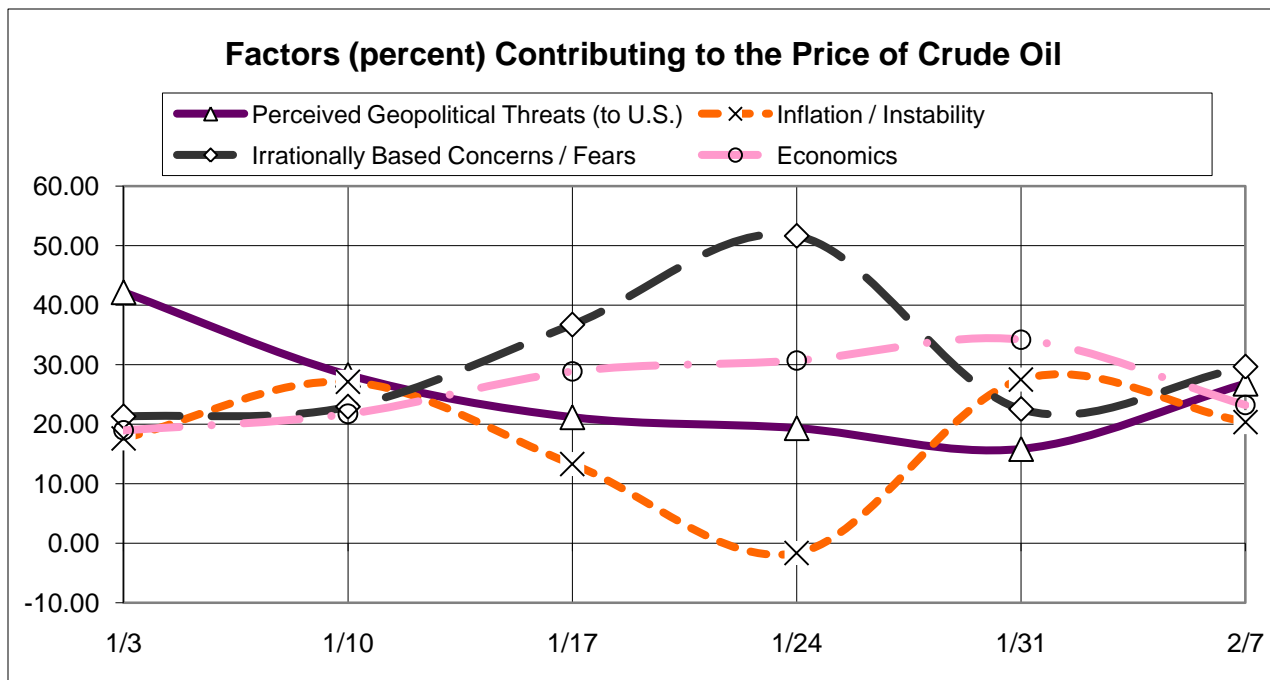
Explanation of chart: *The MoodCompass stock market forecast is the output of a model that assesses the patterns of the Human Society Moodlines and converts them into stock market prices.*

A sharp market drop is likely in the first few weeks of January. This should be followed by short covering and consolidation.



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 downward correction in the Dollar should be completed within the first few days of the year. The remainder of the month should see large U.S. Dollar gains.

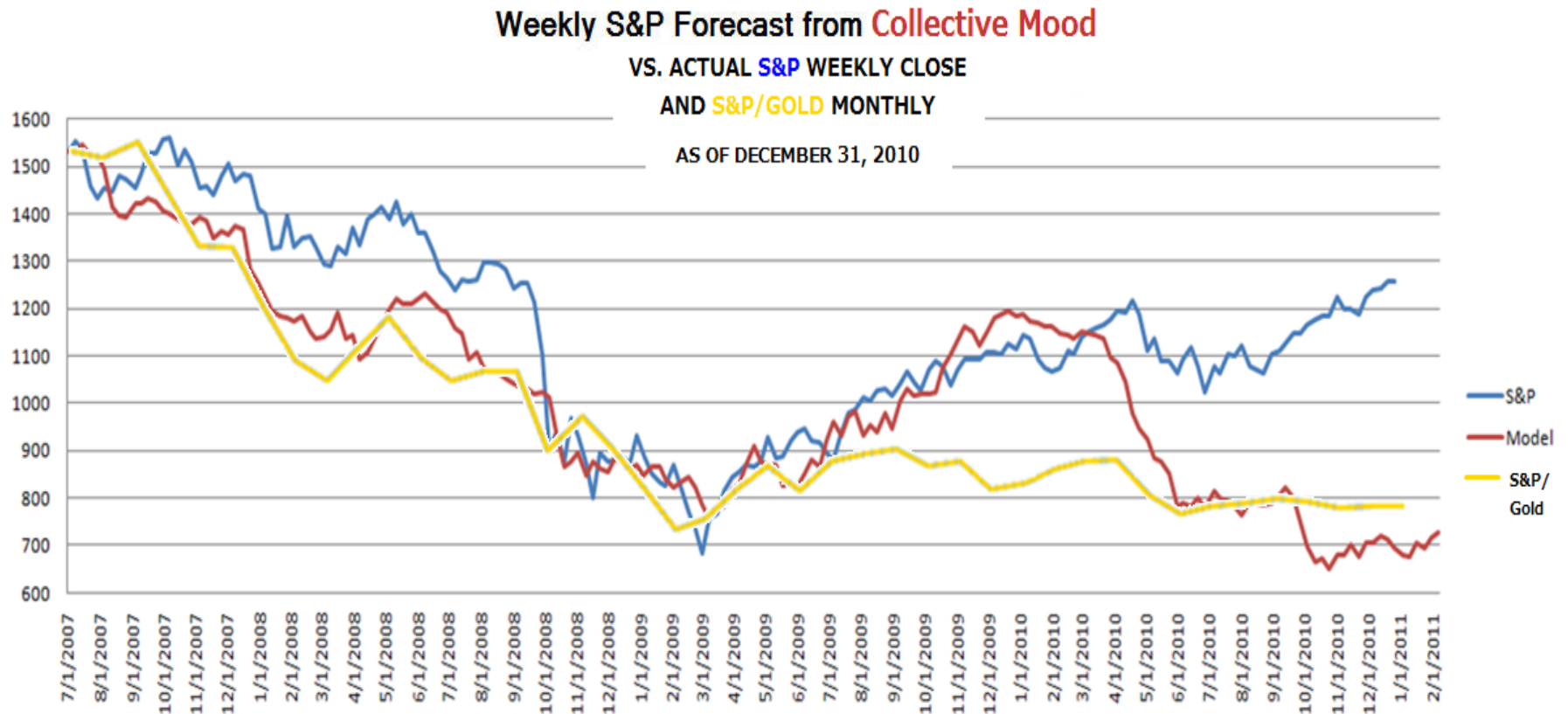


Explanation of chart lines: *The values for the Moodlines (Directing, Manic, and Somber) for U.S. View of “the World” are used to produce this chart. This chart is useful in searching for potential geopolitical events, and escalated irrational fears of supply disruption. It is also useful as a check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

Geopolitics and instability are the key market factors through 1/11. Following this, correlations between pricing and reality become unclear as irrationality is predominant. Economics (supply or demand issues) and instability are dominant 1/27 through 2/2. “Deflation issues” may be focal the week of 1/17.

## 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.



## 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.

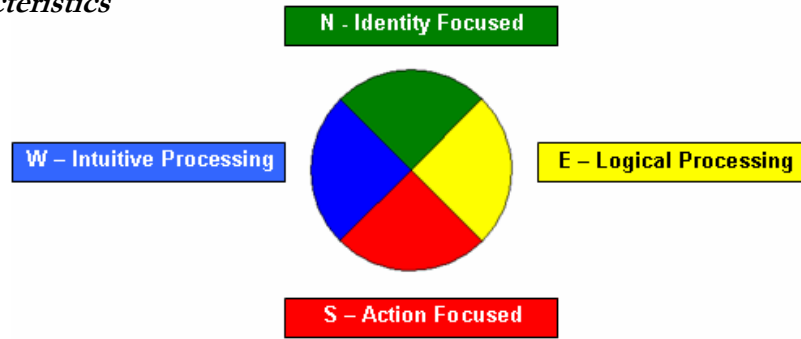
### MoodCompass was Born

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:

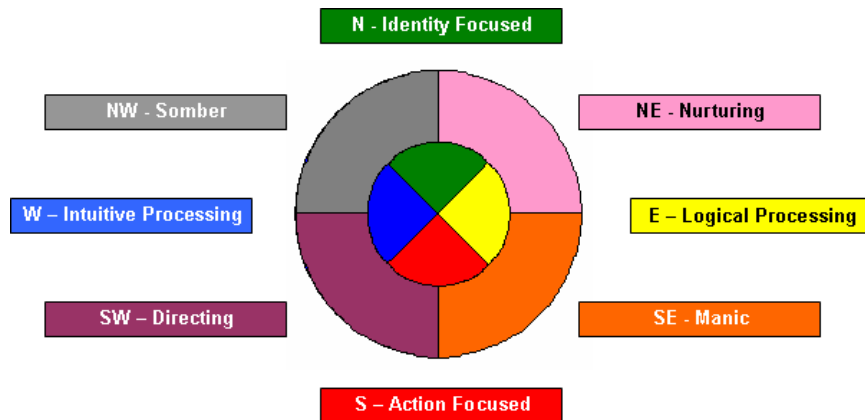
*Primary Characteristics*



*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**

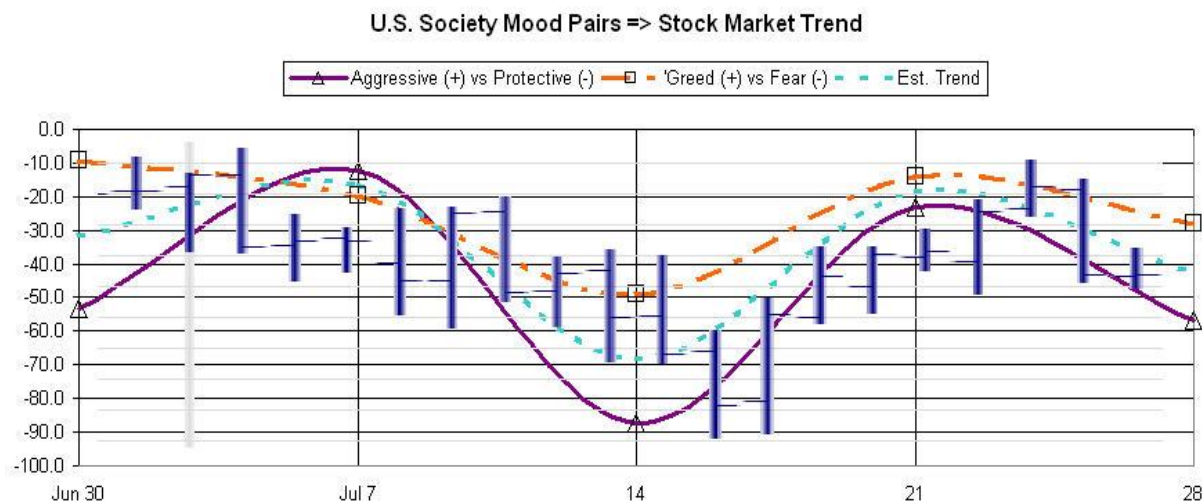
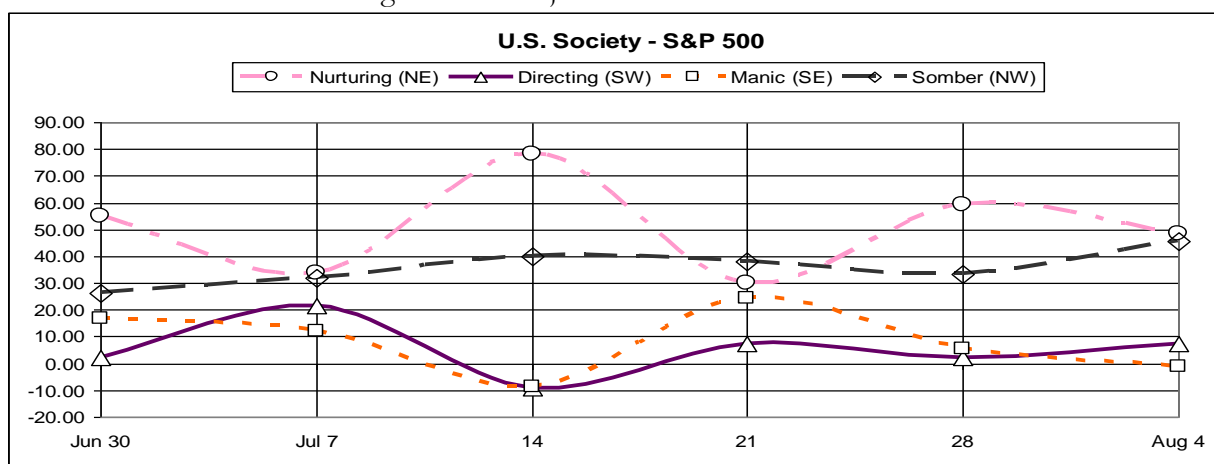
During the course of each month, researchers collect information surrounding current events and perceived future events, and qualitatively assess how much of each of the eight characteristics the entity under observation manifests. This assessment is ultimately plotted (as “mood lines”) and extended 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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Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

A New Story Foundation  
603 E 11<sup>th</sup> Ave  
Bowling Green, KY 42101  
Email completed application to: [mcapp@anewstory.org](mailto: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 December 2010 issue:** “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.” Also, “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.”

- 12/04/10: [U.K. tax protesters force shops to close.](#)  
[Volcano erupts in Central Ecuador; villagers flee](#)
- 12/05/10: [Hundreds of protesters demand China free Nobel prize winner](#)
- 12/08/10: [Furious protests over Haiti election results](#)
- 12/09/10: [Berlin Islamic center hit by firebomb](#)  
[Students, Police clash as UK votes to triple tuition](#)  
[Protesters attack Prince Charles' car](#)
- 12/10/10: [Protesters gather in force in Beijing](#)
- 12/11/10: [Swedes shocked by 1st terror attack in 3 decades](#)  
[Upper Midwest pummeled by strengthening blizzard](#)
- 12/14/10: [Distraught husband holds FL schoolboard hostage; shoots self](#)  
[Mother killed, 5 hurt in Calif. mall gunbattle](#)
- 12/15/10: [Anti-Austerity Protest in Greece turns violent](#)  
[EU faces "gridlock" on debt crisis](#)
- 12/16/10: [IMF warns of consequences of delaying European Debt Crisis resolution](#)
- 12/19/10: [Worst storm system in a decade pounds W. Coast U.S.](#)
- 12/27/10: [Blizzard wreaks havoc on U.S. E. Coast](#)
- 12/31/10: [6 killed in rare New Year's Eve tornado outbreak](#)

## 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.