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

September 2010

- Highlights: U.S. Social Chaos and Violence · Spreading Global
Turbulence · N. Korea Crisis · High Natural Disaster Risk

September 2010 – U.S. Chaos and Global Volcanoes

Helplessness and fear left unchecked will find "resolution" in hate and release in violence. Economic stagnation with no end in sight, media rhetoric that exacerbates fear and feelings of powerlessness, and high uncertainty about what lies ahead, all simmer together under increasing pressure in the social milieu.

In September, the region of the world with the highest likelihood of violent social eruptions is the United States of America. The initial release of steam from a pressure cooker can be quite intense. Initial violations of long standing social prohibitions can likewise be quite dramatic, and could take the form of isolated incidents of violence or property destruction, or on the more extreme end, could be expressed as anti-group or anti-government acts of terror.

Also in September, we can expect escalating geopolitical tension. A crisis in N. Korea is probable, and a Middle East episode not unlikely. In the natural world, a parallel theme of eruptions and pressure release should not be surprising. Watch for volcanoes and earthquakes to make an appearance in this month's headlines.

Highlights:

Aug 30 – Sep 7: *Tension is Building.* Global tension high and rising. Social mood vacillates between pessimism and denial. Natural events related to heat, high energy and movement likely (storms, quakes, volcanic activity).

Sep 8 - 17: *Violent Eruptions.* Global tensions may erupt into engagement beyond previous status quo. Diplomacy ineffective. Social degeneration—inter-group fighting, violent outbreaks, crime increase. Possible U.S. domestic terror attack. U.S. government focused on domestic issues. International engagements impaired by appearance of weakness or vulnerability. "Costly" natural events possible, especially tectonic.

Sep 18 - 22: *Extremely Tense.* Geopolitical situation remains extremely volatile. Diplomacy ineffective. U.S. government still dealing with domestic issues. International engagements impaired by appearance of weakness or vulnerability. Destructive or disruptive natural event(s) possible.

Sep 23 – Oct 3: *Falling Apart.* Geopolitical situation remains extremely volatile. Diplomacy ineffective. Social degeneration continues—inter-group fighting, violent outbreaks, crime increase. U.S government in disarray. Disagreements between political parties reach extreme levels. Destructive or disruptive natural event(s) likely.

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

SUMMARY OF CHART ANALYSIS

After the data is gathered for the month and the mood cycles recalibrated, as needed, the charts on the following pages are constructed from the projected social mood and perceptions for the period covered by this issue of MoodCompass. Themes and patterns within and between charts are looked for and analyzed. The final step is to take the information in this table (below), examine it for consistency and likelihood, and construct the narrative for the month and the "highlights" found on page 2 of this publication. The table below summarizes the findings for this month. Page numbers of corresponding charts are included in parenthesis ().

Date Range	Summary of Chart Indications
8/30 – 9/7	Global tension high and rising (7b). Social mood vacillates between pessimism and denial (8a). Natural events related to heat, high energy and movement likely (storms, quakes, volcanic activity) (7a).
9/8 – 17	Global tensions may erupt into engagement beyond previous status quo. Diplomacy ineffective (7b). "Costly" natural events possible, especially tectonic (7a).
9/8 – 22	Social degeneration—inter-group fighting, violent outbreaks, crime increase. Possible domestic terror attack (8a). U.S. government focused on domestic issues. International engagements impaired by appearance of weakness or vulnerability (8b).
9/18 – 30	Geopolitical situation remains extremely volatile. Diplomacy ineffective (7b). Destructive or disruptive natural event(s) possible (7a).
9/23 – 30	U.S. government in disarray. Disagreements between parties reaches extreme levels (8b). Social degeneration—inter-group fighting, violent outbreaks, crime increase (8a).
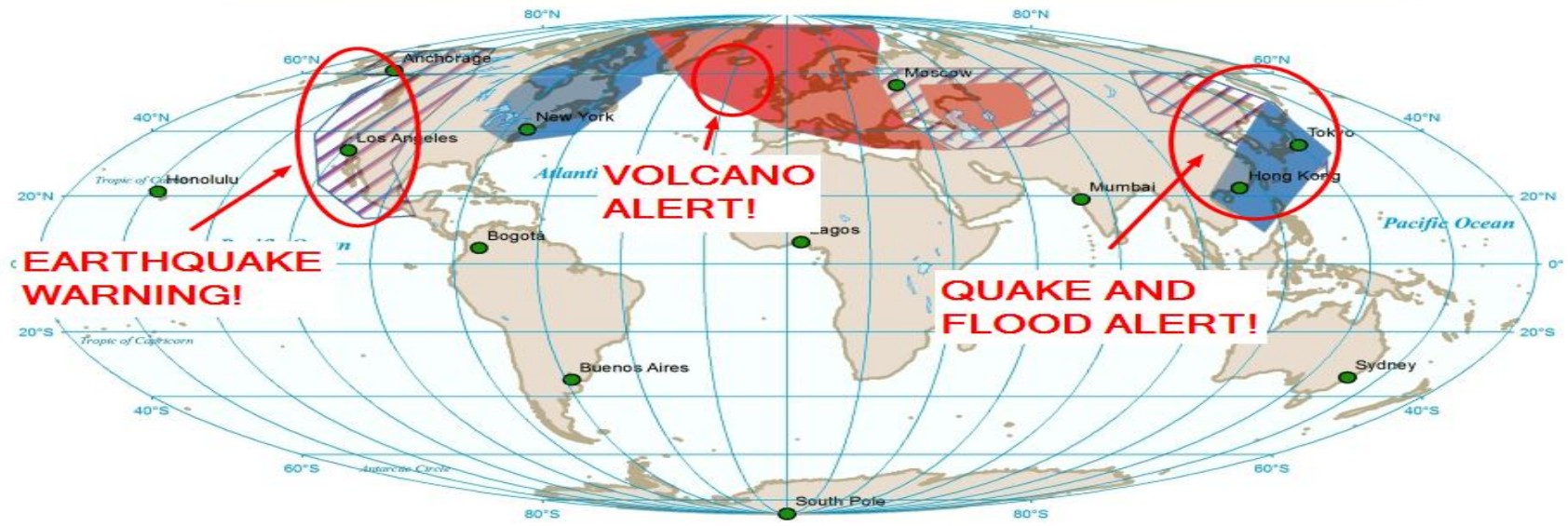
In anthropomorphic terms – The Earth is *AT WAR with civilization* – Watch for natural events in populated areas throughout the world, and events affecting trade and transportation.

Possible physical manifestations – The Earth is viewed as **HOT/ACTIVE/DISRUPTIVE** across Europe and the Mediterranean. The most noteworthy event could be new activity of the **Iceland volcano;** however **excessive heat** could also be an issue. Nature is seen as **DESTRUCTIVE** on the W. coast of N. America. This could signal a **moderate earthquake** in California or adjacent areas. In Central Asia, the combination of **DESTRUCTIVE** and **HOT** indicates increased risk of **earthquake damage**, but could also refer to **extreme heat**. With a combined perception of Nature being **WET** and **DESTRUCTIVE,** Northeast Asia concerns (Japan, Korea, and Eastern China) could be due to **storms** and/or **tectonic events**. The combination of **WET** and **HOT** in Greenland could point to **accelerating glacier melt**.

Social Instability Factors - September 2010

Social Instability Factors

🟥	Unrest / Violence
🟦	Economic
🟩	Economic & Unrest

Copyright 2010, A New Story Foundation. Base Map from ESRI

Robinson Projection
Central Meridian: 0.00
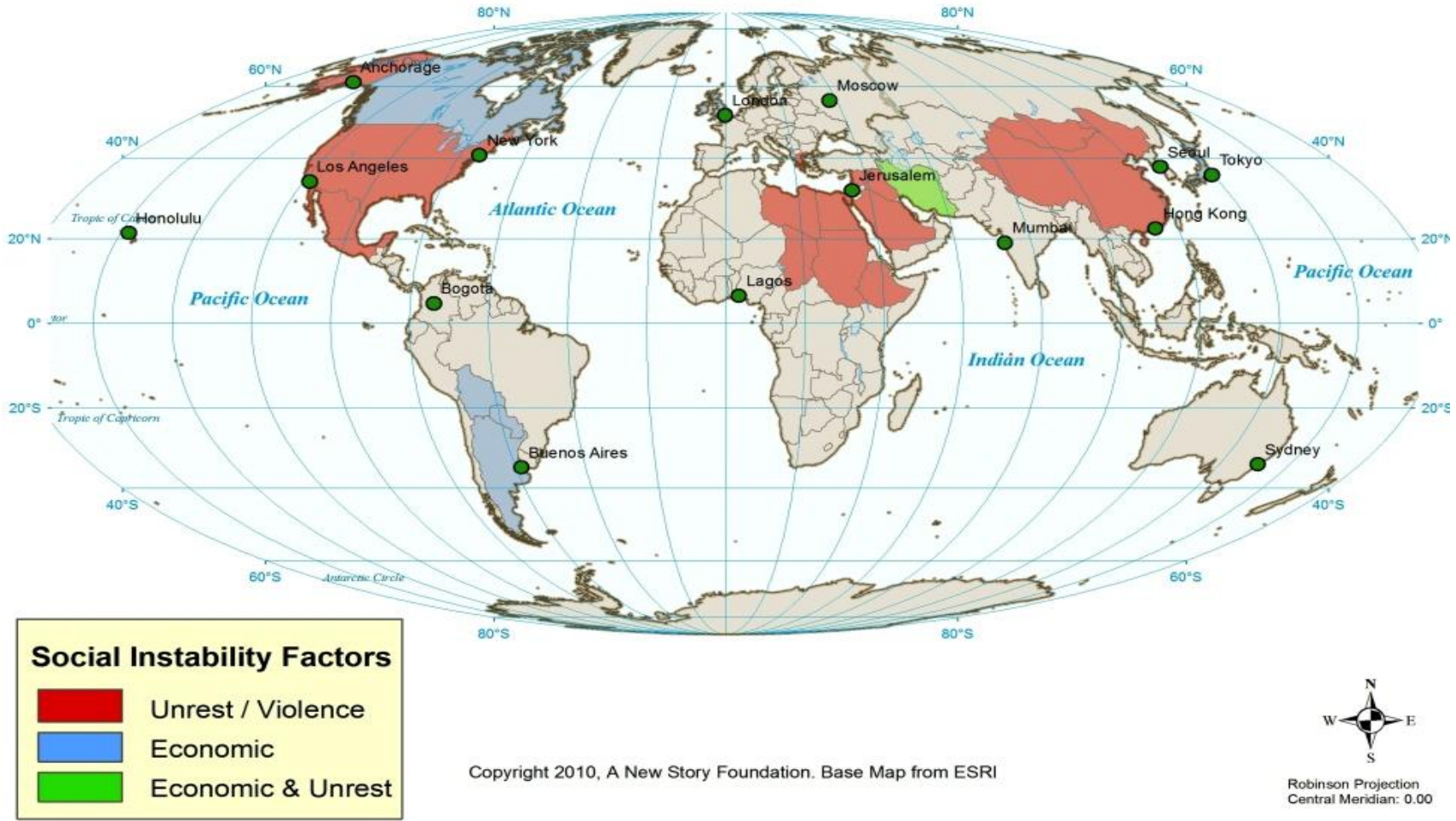
 Civil unrest is a high concern in September, with the area of most concern, the United States. Unrest is likely in China and the Middle East, but the unrest in the United States could become extreme. Violent outbreaks in the U.S. are more likely than not.

Projected Geopolitical Posturing - September 2010
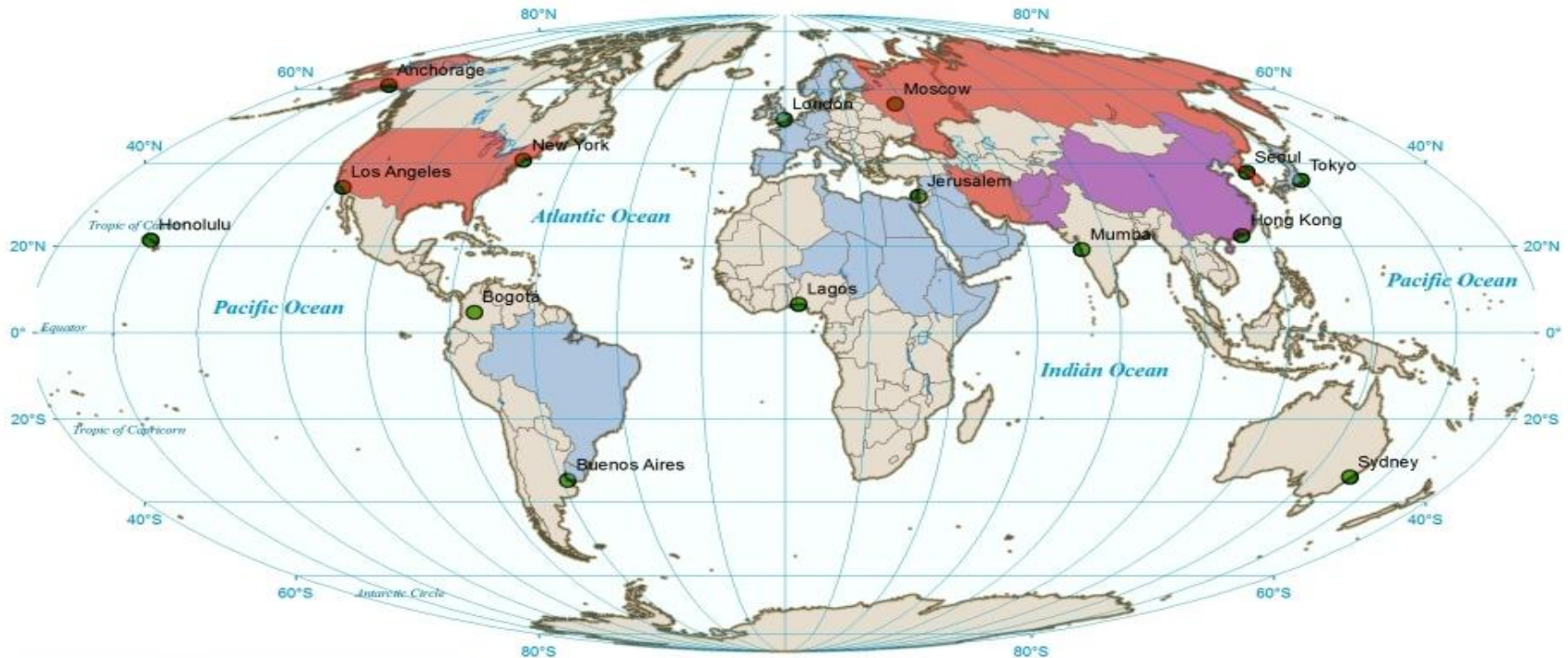
Disposition Toward Outsiders

Hostile / Escalating	
Aggressive / Alert	
Defensive / Diplomatic	

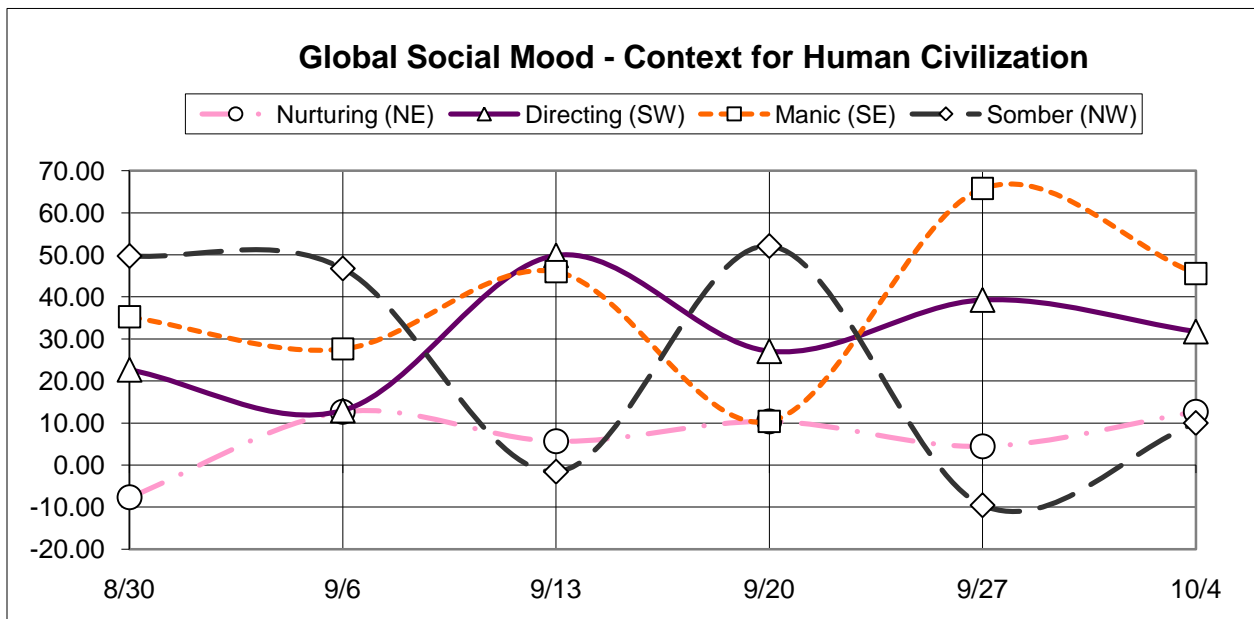Copyright 2010, A New Story Foundation. Base Map from ESRI

Robinson Projection
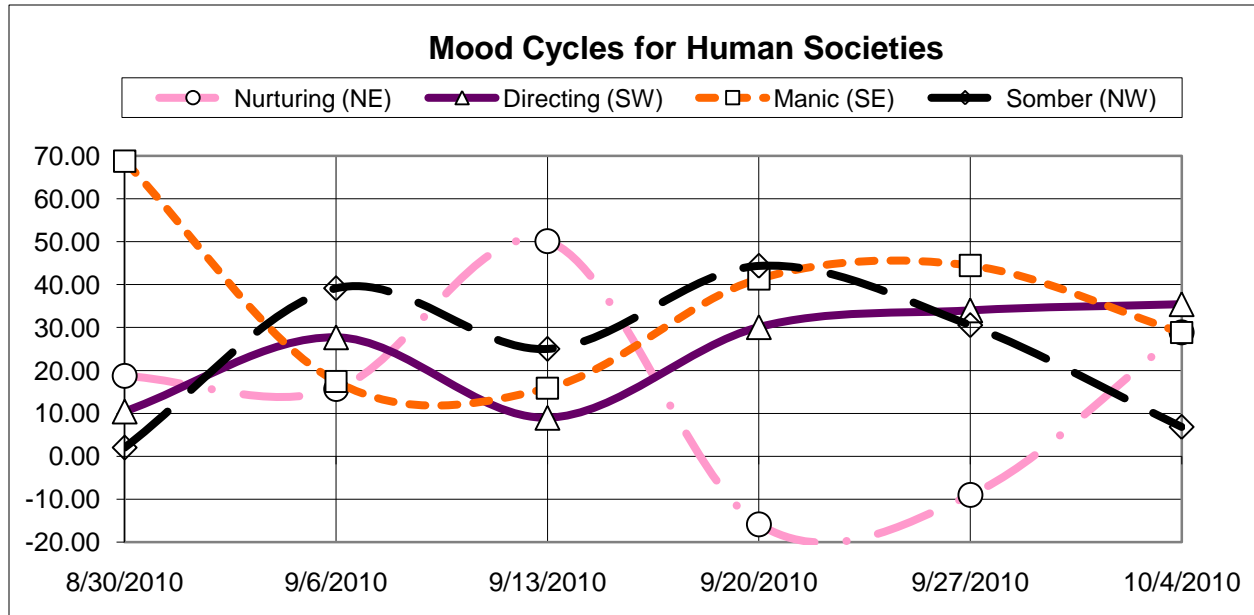Central Meridian: 0.00

Global tension is extreme. The situations in Iran and Korea could escalate to near critical levels, with N. Korea of highest concern. China may be required to intervene more actively than they have in recent months.
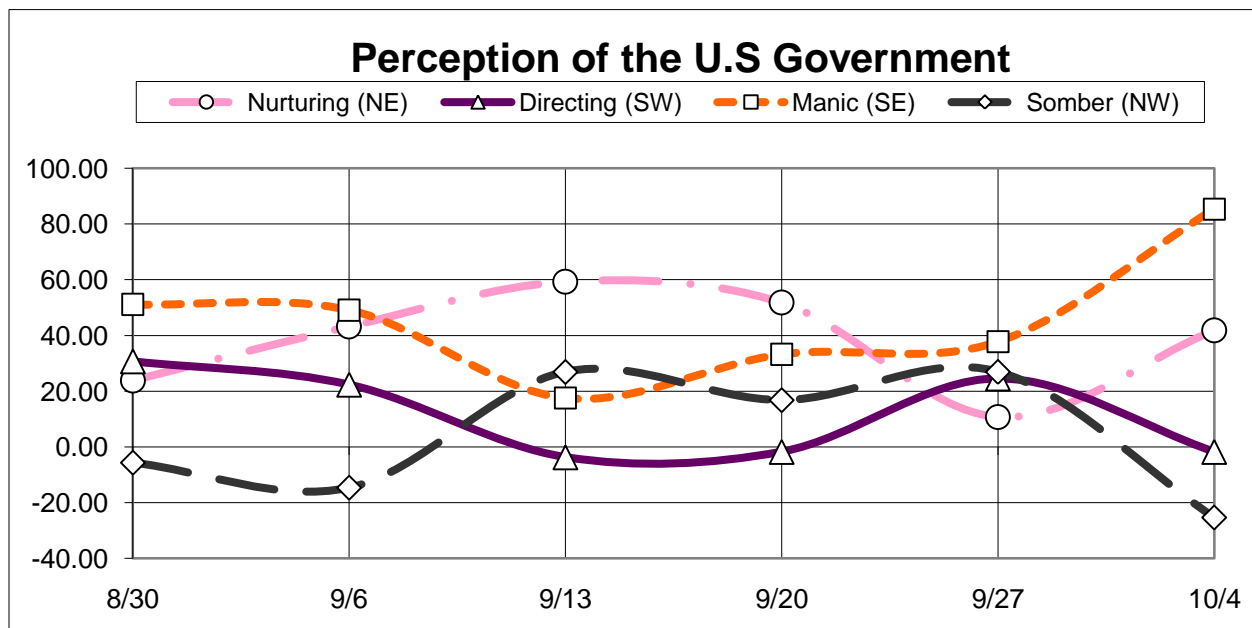
Nature's Mood Cycles (from Human Perspective)

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

Energetic, Active	*Windy, Expensive*	*Destructive, Disruptive*
Watch for storms, moderate quakes, volcanic activity, and heat related events. (S).	*High wind events (E), then after 9/8 costly events possible, most likely tectonic (N).*	*High entropy factors indicate precaution is warranted. Destructive event(s) likely.*

Global Social Mood - Context for Human Civilization

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

| *Tension Building*	*Extreme Global Volatility*
Global tension extreme (major polarities opposing).	*Geopolitical tensions may erupt into engagement beyond the previous status quo (high S factors). Don't expect anyone or anything to be "nice" or cooperative (NE low and flat).*

Mood Cycles for Human Societies

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

Pessimism	Denial	Social Degeneration –the Enemy is Within	
The facts look really bad (SE/NE).	*It can't be that bad (NW/SW).*	*At first, people most concerned with deteriorating economy (N). Things go downhill from there. Increase in crime, violence, power-grabbing, and othering. Various groups and sub-groups "at war" with each other (NE-).*	

Perception of the U.S Government

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

| Conflict	Weak Willed and Vulnerable	Breakdown, Chaos
Battles within government continue—not productive. (SE)	*Domestic issues are of high focus (N). International issues needing to be addressed hampered by appearance of weakness or vulnerability (NE).*	*Disarray, conflict between parties at ridiculous levels. Arguments high pitched, out of control (SE).*

8
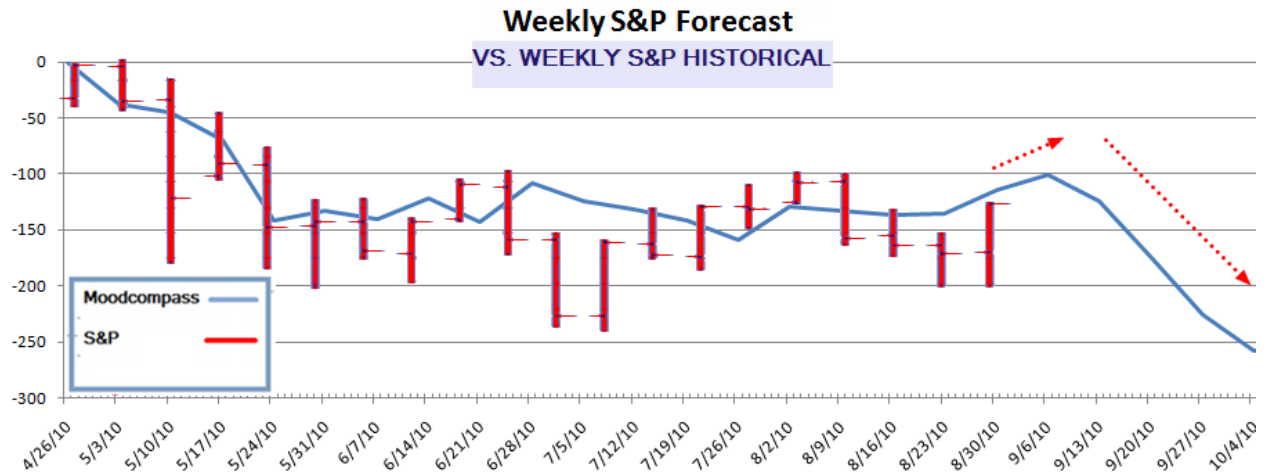
Explanation of chart: *The MoodCompass stock market forecast is the output of a model that assesses the patterns of the Human Society Moodlines and converts them into stock market prices. Historical stock market prices are from futuresource.com.*

After a rally above the highs made in June and August, the stock market should begin to decline in earnest.
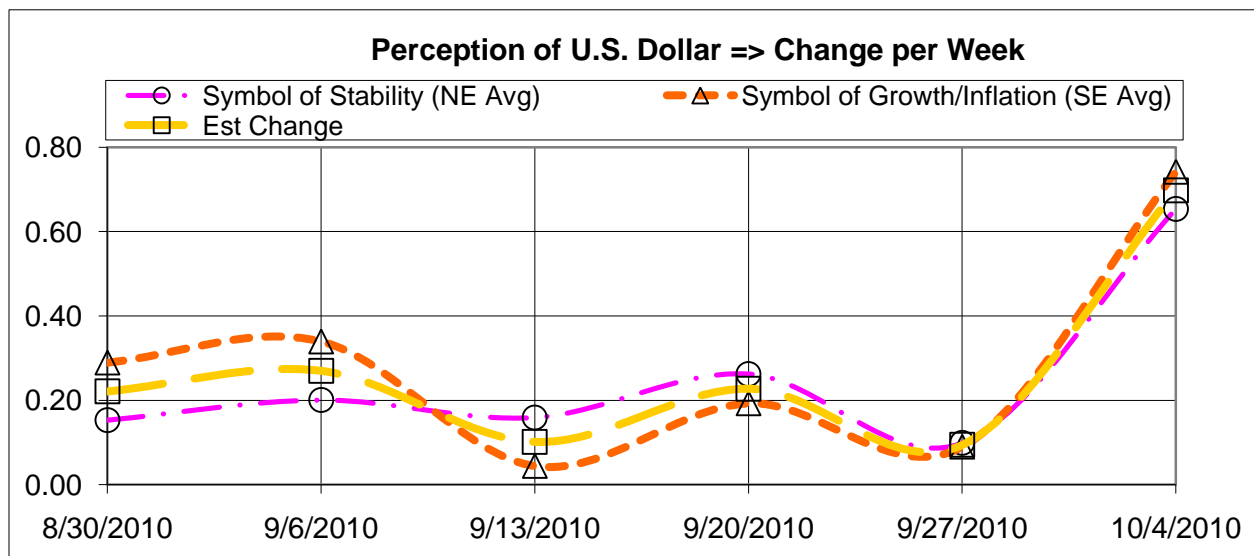
Explanation of chart lines: *The Dollar is a symbol of value, but it not attached to anything "real" such as gold as it was in the past. Its value is based on sentiment, and on the trust of a government to honor its debts. Because of this, its value ebbs and flows along with the oscillations of perception 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 holds its ground through most of the month. As October begins, there may be a strong surge in Dollar buying.

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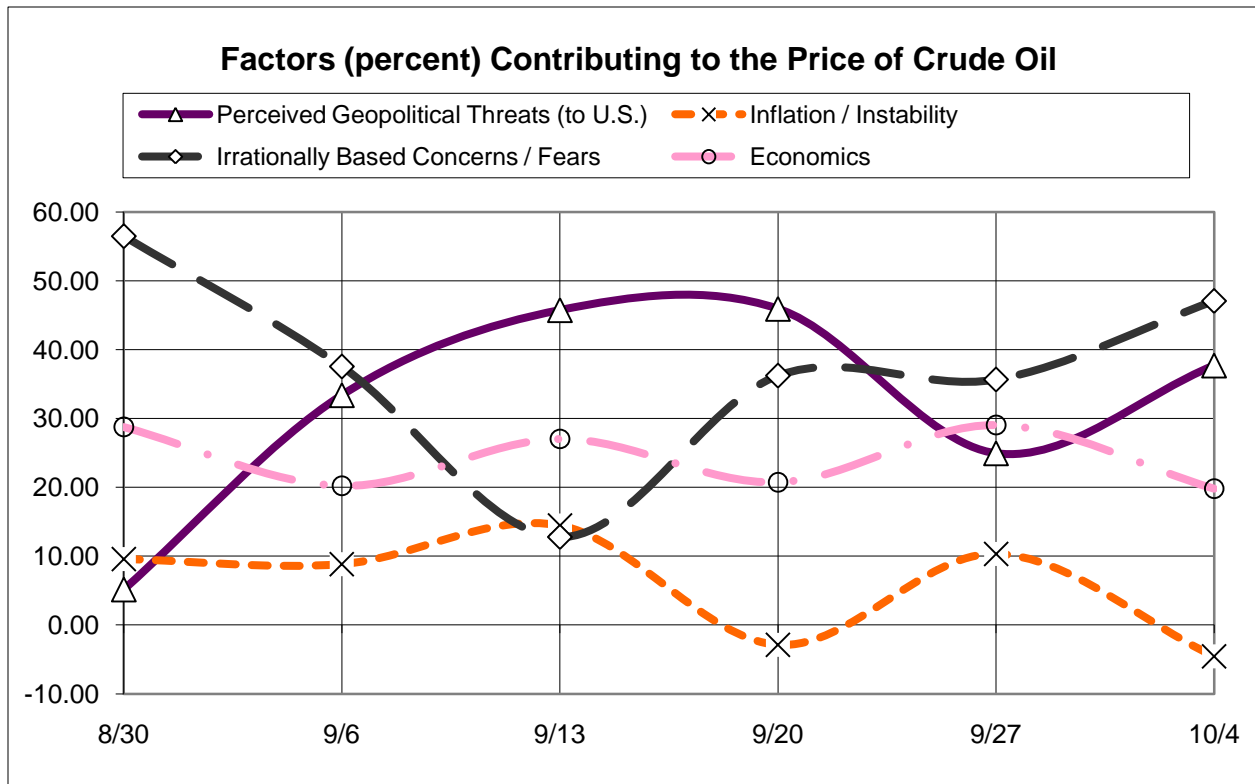
Explanation of chart lines: *The values for the Moodlines (Directing, Manic, and Somber) for U.S. View of "the World" are used to produce this chart. This chart is useful in searching for potential geopolitical events, and escalated irrational fears of supply disruption. It is also useful as a check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

Geopolitical concerns are elevated 9/7 – 22 and may offer some support to energy prices. Concerns with deflation continue and are most pronounced 9/14 – 22, and early October.

Tracking MoodCompass Performance

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

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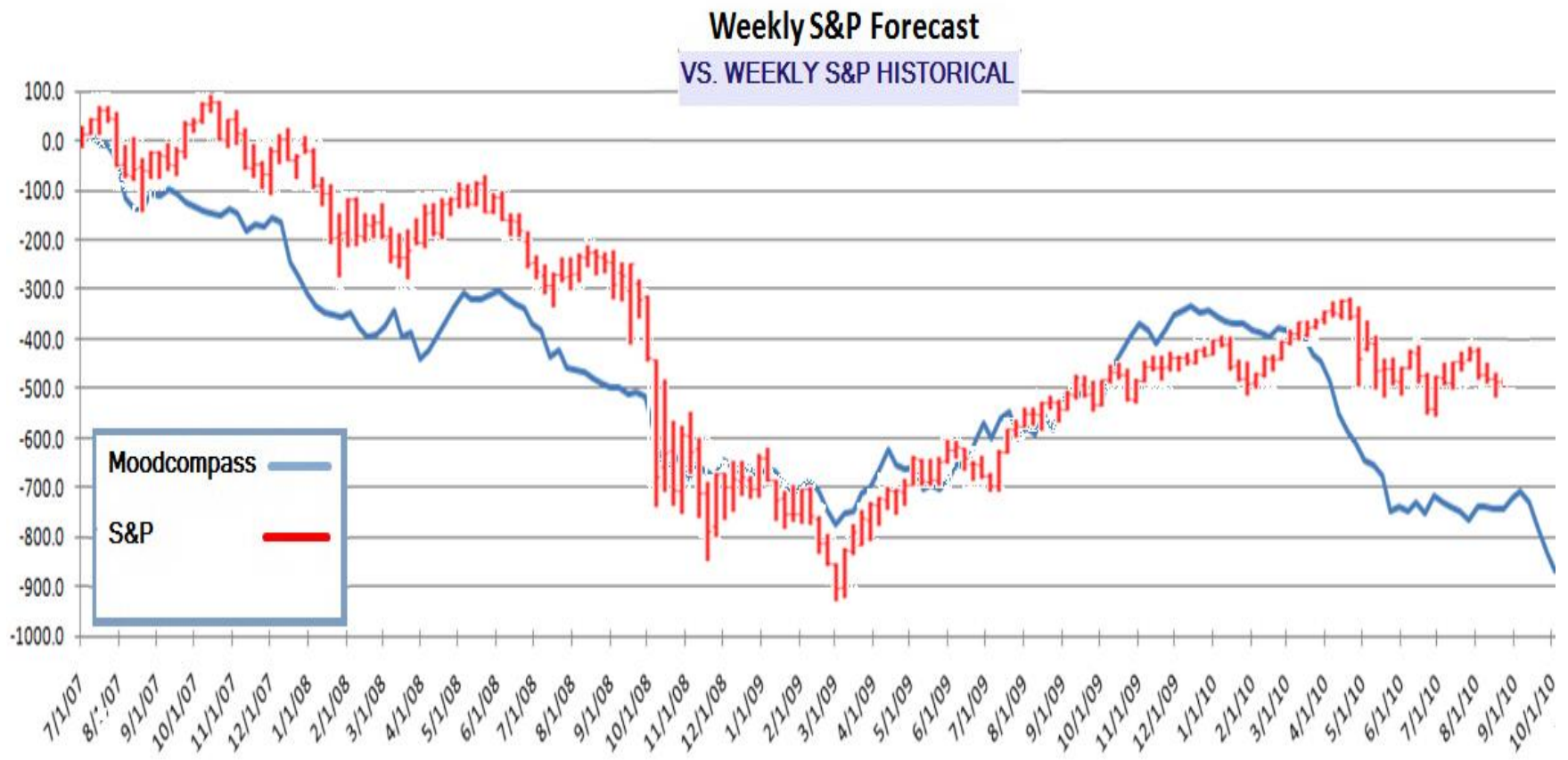
About MoodCompass

Originally Developed to Study Sustainability

MoodCompass is based on a systems analysis tool developed by A New Story Foundation, a non-profit organization researching sustainability, that quantitatively measures and tracks the emotions and behavior—or "mood"—of a society. The tool can also be used to measure a society's perception of other organized entities such as governments and other societies. Since 2006, researchers have used this tool to track the mood of US society as well as its perception of the US government and the rest of the world through the lens of US society. They use this data to gain a better understanding of the underlying dynamics of US society—i.e., "what makes it tick"—and its role in sustainability.

Then They Stumbled Onto Something…

In July of 2007, after tracking these three segments for over 18 months, researchers noticed a correlation between patterns in their profiling data and the movement of the financial markets. Specifically, the profile of US society correlated with the movement of the US stock market, the profile of its view of the US government with the movement of the dollar, and the profile of its view of the world with the movement of crude oil.

Researchers spent the rest of 2007 analyzing these correlations and identifying the mood configurations corresponding with various social responses and market reactions. By the end of 2007 they had successfully generated a model for each segment that very accurately predicted whether its corresponding market was trending up or down and when the trend was likely to shift.

MoodCompass was Born

Researchers at A New Story Foundation knew they were on to something big. If they could predict changes in social mood and the potential for instability, and demonstrate that with accurate predictions of the direction and timing of trends of the stock market, the dollar, and crude oil, that information would surely be valuable to managers, planners, and even the investment community. They could not only use it to raise money for the foundation, but more importantly to raise awareness about issues surrounding sustainability. They decided to make their global mood and market forecasting information available to research sponsors, and MoodCompass was born.

How It Works

The MoodCompass profiles an entity based on the relative presence of four primary characteristics or of four hybrid characteristics. A profile expressed in terms of primary characteristics weighs the entity's relative focus on identity (north), focus on activity (south), use of intuition (west), and use of logic (east). A profile expressed in terms of hybrid characteristics weighs the entity's relative amount of nurturing behavior (northeast), directing behavior (southwest), manic expression (southeast), and somber expression (northwest). It was named the MoodCompass because the eight characteristics are best viewed in circular relation to one another like points on a compass:
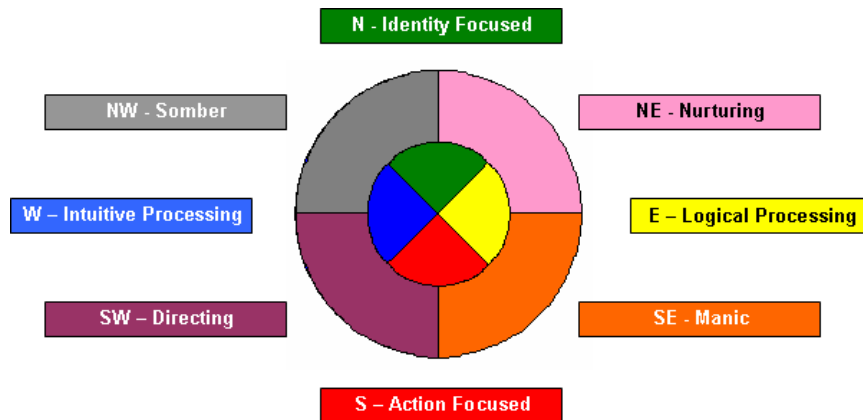
Primary Characteristics
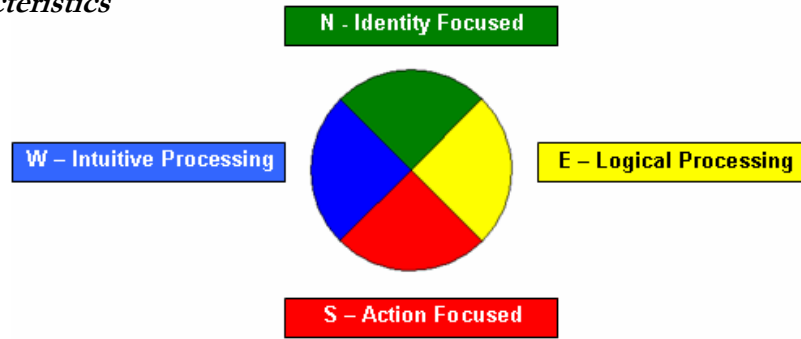
Hybrid Characteristics

The two sets of characteristics are inter-related. Each characteristic is a combination of the two that surround it. This relationship can be viewed by embedding a pie chart of the primary characteristics inside a pie chart of the hybrid characteristics: For example, the primary characteristic (W) Intuitive Processing is a combination of the two hybrid characteristics (SW) Directing and (NW) Somber. Likewise, the hybrid characteristic (NE) Nurturing is a combination of (N) Identity Focused and (E) Logic Processing.


Tracking Profiles Over Time

During the course of each month, researchers collect information surrounding current events and perceived future events, and qualitatively assess how much of each of the eight characteristics the entity under observation manifests. This assessment is ultimately plotted (as "mood lines") and extended into the future to generate the MoodCompass forecasts. The four primary characteristics and four hybrid characteristics are evaluated separately, and analyzed in

conjunction. Researchers have found that when plotted over time, each set of the four characteristics tends to oscillates in a somewhat regular pattern. The pattern can be extended into the future by estimating a best fit sine wave function. Researchers periodically 'recalibrate' the mood lines with the current events data, and readjust the best fit sine function. For convenience, and ease of presentation, only the moodlines of the four hybrid characteristics are presented in the MoodCompass.

Future forecasts are examined for indications of significant changes in social stability, government focus or activity level, and ways the outside world is perceived. Market models have been developed which accurately forecasts stock market movement from the U.S. society moodlines, U.S. Dollar value from changes in the way the U.S. government is perceived, and factors affecting the price of crude oil from the way the U.S. views the world.

The two figures below show the July 2008 moodlines for U.S. society and the derived stock market forecast (as published June 27, 2008). Actual stock market data from futuresource.com has been overlaid on the bottom figure to show just how well the data matched the forecasted trend.
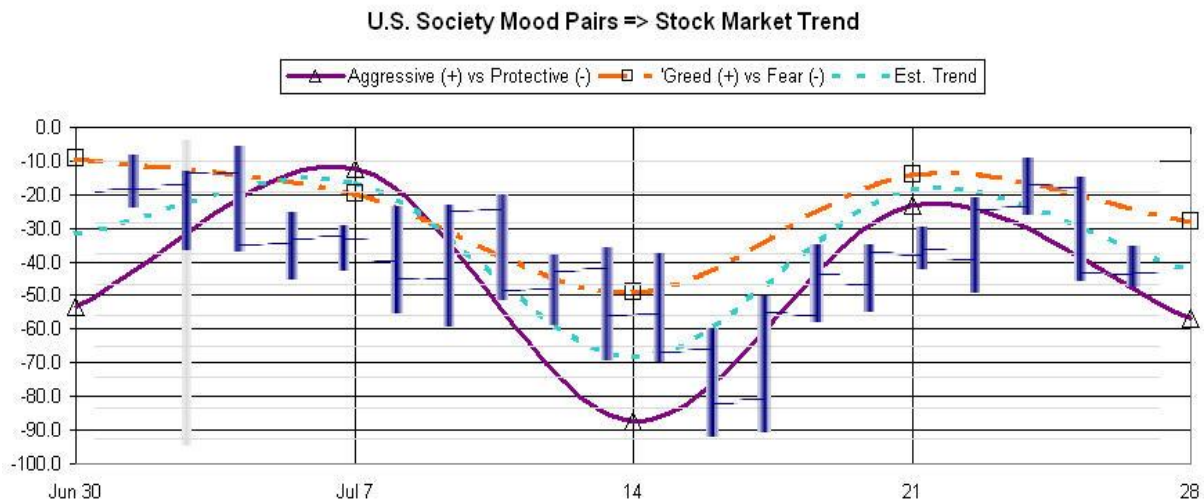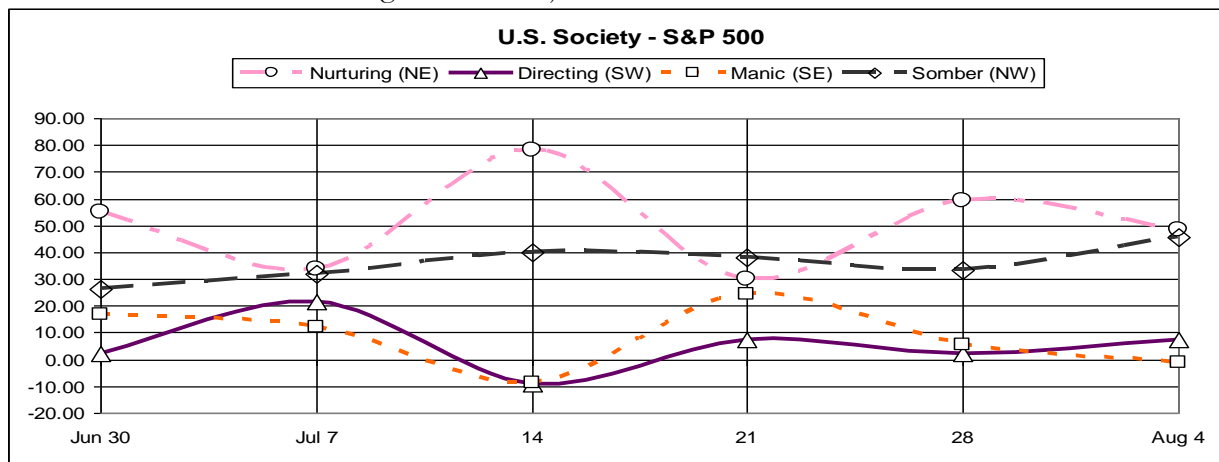
Philosophy and Methodology: For more information on our research and methodology, please see: http://anewstory.org/documents/methodology.pdf.

MoodCompass Subscription Application

    I am interested in the work of A New Story Foundation, encouraging "new stories" that lead to a culture of sustainability, as well as its work in tracking and forecasting social and economic risks of instability.

    Please write a few sentences describing how you can support the work. Suggested monetary pledge is $40 per month. For support other than a monthly monetary pledge, let's discuss it. Future issues will be sent upon receipt of either your pledge or documentation of your alternative support as agreed. Here is how I can help in the work:

_____

_____

_____

_____

Name: _____

Address: _____

               _____

               _____

Phone: _____

Email: _____

A New Story Foundation
603 E 11th Ave
Bowling Green, KY 42101
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!

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.