GROSS NATIONAL HAPPINESS (GNH), FINANCIAL MARKETS AND THE ELECTION

This is the fourth note in our series about South Africa's happiness. The previous notes can be found here.

As explained in the previous notes, Prof Talita Greyling and Dr Stephanié Rossouw developed the "happiness index" based on sentiment analysis of the daily Tweets of South Africans, which they then apply to a sentiment balance algorithm to get a happiness score. Dawie Roodt, one of the leading economists in the country and the chief economist of the Efficient Group, interprets this data daily to understand the "mood" of the country and how it influences the economy.

What does happiness tell us about the financial markets?

Is the "mood" or level of happiness of a country related to financial markets? First some background. Behavioural economics tells us that feelings and emotions can greatly affect individual behaviour and, more importantly, decision-making. This also applies to societies at large, i.e. society's experienced sentiment can affect their collective decision-making. This is exactly the reason why analysing South Africa's happiness during this election period is so interesting! If our society's happiness can influence our collective decision-making, can it also predict economic indicators, such as Gross Domestic Product (GDP) or the financial markets?

Numerous research projects internationally and locally clearly show a strong link between happiness and the movements of various variables and indices on the financial markets. Now the question is, is there a similar relationship between the new happiness measure (GNH) and South Africa's financial markets?

What does the GNH index reveal about financial markets and happiness?

At this stage, we can only provide anecdotal evidence about the relationship, as our data is still limited. However, over the last few days financial indicators have moved as follows:

	1 May	2 May	3 May	Commentary
JSE ALSI	58 528.4	58 743.56	59 335.9	A positive upward movement
Financial 15	42 771.8	43 416.98	43 793.54	
Top 40 tradeable	52 274.03	52 495.4	53 028.35	

Interestingly, this is the same trend our daily GNH index has shown. Is this just a coincidence, or is the GNH index showing us the same pattern that was found in other studies? We will have to wait and see as our data rolls out daily, until we have enough scientific proof to say it is related for sure.

What did our GNH score reveal over the last few days?

Since 29 April we have seen a continuous upward movement in the index, with the highest score being 6.6 on Friday. This could indicate the overall positive mood of South Africans looking forward to braai, parties and fun events.

Interestingly, the happiness score decreased somewhat to 6.4 on Saturday. When we dig a little bit deeper to understand this

slight decrease, we see that South Africa extended sympathy and compassion towards Julius Malema for losing his grandmother, Koko Sarah. Once again this shows that we, as a nation, still feel sympathy towards our fellow human, like what we found in the case of Caster Semenya.

Additionally, South Africa did their reputation as "die-hard sports fans" justice by many a supporter expressing their frustration towards their football team's inability to win games… Eish wena!

Apart from the above, other hot topics Tweeted about on Friday and Saturday were, as expected, the upcoming elections, matters of the heart, and support for Caster Semenya (like the topics Tweeted about on Thursday). We could also see that people's Tweets reflected the weekend's leisure activities. There were many Tweets on Kaizer Chiefs' upcoming game on Friday and the movie Avengers Endgame. Health-related Tweets were also high on the agenda, mentioning colds, flu and a nasty stomach bug that is doing the rounds.

There are only two days left to "voting day". This is the day we have been waiting for to see what the effect will be on the happiness index. Remember to watch this space…

Until our next note, "stay tuned" as we discover the happiness levels of South Africa during this exciting period.

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