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Psychonomic Newsletter, May 19, 2008

In short: The Annapolis peace process seems to have come to a standstill. Therefore the way for the traditional pre-election rally on stock markets seems to be open.

The fall in stock markets from Oct 11, 2007 to Mar 17, 2008 (see chart Standard & Poor 500 below) had its roots in two main causes: First the peace process between the Israelis and the Palestinians which was mediated by the U.S. administration (conference of Annapolis) and second by the failure of the Bush administration to remove obstacles against a war with Iran since the US secret services in Dec 2007 had said that Iran had halted its nuclear weapons program in 2003.

Standard & Poor 500



Yahoo! News Jul 16, 2007

Bush announces Mideast peace conference

Reuters Nov 4, 2007

FACTBOX - Rice, a year of Mideast diplomacy

Sun Nov 4, 2007 12:49pm EST

REUTERS - Israeli leaders told U.S. Secretary of State Condoleezza Rice on Sunday that any deal Washington hoped to broker for a Palestinian state would not be implemented until Israel's security was assured.

Rice, on her third visit in six weeks to the region, is trying to bridge gaps between both sides ahead of a U.S.-hosted conference expected in the last week of November in Annapolis, Maryland, although no official date has been announced...

Reuters Nov 18, 2007

Abbas sends team to U.S. to narrow conference gaps

Sun Nov 18, 2007 3:05pm EST

By Wafa Amr

RAMALLAH, West Bank (Reuters) - Palestinian President Mahmoud Abbas dispatched top aides to Washington on Sunday to try to narrow differences with Israel and ensure wide Arab participation in a U.S.-led peace conference.

Abbas and Israeli Prime Minister Ehud Olmert plan to meet on Monday in Jerusalem for the last time before attending the conference on Palestinian statehood, which senior officials expect to convene in Annapolis, Maryland, on November 26-27.

Reuters Nov 27, 2007

Israelis, Palestinians agree to launch peace talks

Tue Nov 27, 2007 11:16am EST

ANNAPOLIS, Md., Nov 27 (Reuters) - Israel and the Palestinians agreed on Tuesday to immediately launch negotiations to achieve a peace treaty to end their six-decade conflict, U.S. President George W. Bush said.:

"We agreed to immediately launch good faith, bilateral negotiations in order to conclude a peace treaty resolving all outstanding issues, including core issues, without exception," Bush said, reading from a joint statement. He said the two sides agreed to try to reach an agreement by the end of 2008.

Yahoo! News Dec 3, 2007



Iran halted nuke arms quest in 2003: US intelligence

AFP via Yahoo! News - Dec 03 1:02 PM

The US **intelligence** community said in a new report Monday that **Iran** halted its nuclear weapons program in 2003, and that US charges about Tehran's atomic goals have been overblown for at least two years.

These two factors diminished the expectations of the US population that unconscious traumatic feelings of rage and anxiety could be acted out and warded off in future wars. Therefore the lowered feeling of non-vulnerability and strength among the population led to the outbreak of the credit crisis and caused the downswing in stock markets.

In January 2008 the stock indexes had reached a first important low. This coincided with the first sanctions resolution against Iran since the report of the US secret services that Iran had halted its nuclear weapons program in 2003.

Yahoo! News Jan 22, 2008

France says new Iran resolution imminent

By ANGELA CHARLTON, Associated Press Writer Tue Jan 22, 12:51 AM ET

The U.N. Security Council's five permanent members and Germany are expected to agree Tuesday on a new resolution to pressure Iran over its nuclear program, a **French diplomat** said. But a U.S. official said differences over the issue remain.

The senior French diplomat, who briefed reporters Monday on condition that he not be identified by name, said an **agreement was very close** and should be finalized by the six nation's foreign ministers at a meeting in Berlin, Germany.

However, others were more cautious about what the talks could produce. **Momentum for a third resolution has slowed since a U.S. intelligence assessment last month indicated Tehran had stopped active work on a nuclear weapons program in 2003.**

A **senior US official** said Monday that the six nations had made some progress in negotiating a new resolution in a flurry of weekend conference calls but that **"substantial" differences still existed...**

Yahoo! News Jan 23, 2008

Powers agree modest new Iran sanctions draft

Reuters via Yahoo! News - Jan 23 1:59 AM

World powers agreed on Tuesday on the outlines of a new sanctions resolution against Iran, but diplomats said the draft did not contain the punitive economic measures that Washington had been pushing for.

In March 2008 the Annapolis process got severely endangered when Israel approved new West Bank construction on Mar 9. On Mar 10 the US objected against these plans but on March 17 it became clear that the Israelis had held to their settlement plans. On the same day the Nasdaq 100 and the Standard & Poor 500 reached their lowpoint from the downswing which had begun on Oct 11, 2007.

Yahoo! News Mar 9

World News

Israel approves West Bank construction



AP - Sun Mar 9, 1:13 PM ET

JERUSALEM - Israel announced plans to build hundreds of homes in the West Bank and disputed east Jerusalem, drawing Palestinian condemnation just days before a visit by a U.S. general to monitor the troubled peace process.

Yahoo! News Mar 10

White House News

US says Israel housing move unhelpful AP - 32 minutes ago

Yahoo! News Mar 17

Israel still building in east Jerusalem AP - 1 hour, 22 minutes ago

During the last week it became clear that a peace agreement could not be struck before the term of this US administration ends. Therefore the way for a traditional pre-election rally between now and November's election seems to be open.

Yahoo! News May 13

- **Bush tempers upbeat optimism about Mideast peace** AP - Tue May 13, 7:46 AM ET

Yahoo! News May 13

Rice says Mideast peace improbable, not impossible AP - 18 minutes ago

Yahoo! News May 14

Bush opens Mideast trip to mark Israel's anniversary AP - 9 minutes ago

Yahoo! News May 14

Official: Israel to expand West Bank settlements AP - Wed May 14, 3:00 AM ET

Yahoo! News May 17

Treasury secretary says markets are calmer now AP - Sat May 17, 8:12 AM ET

This pre-election rally could come to a premature end however if the Annapolis peace process would be revived unexpectedly, which would only be possible, if Hamas and Iran were included in this process.