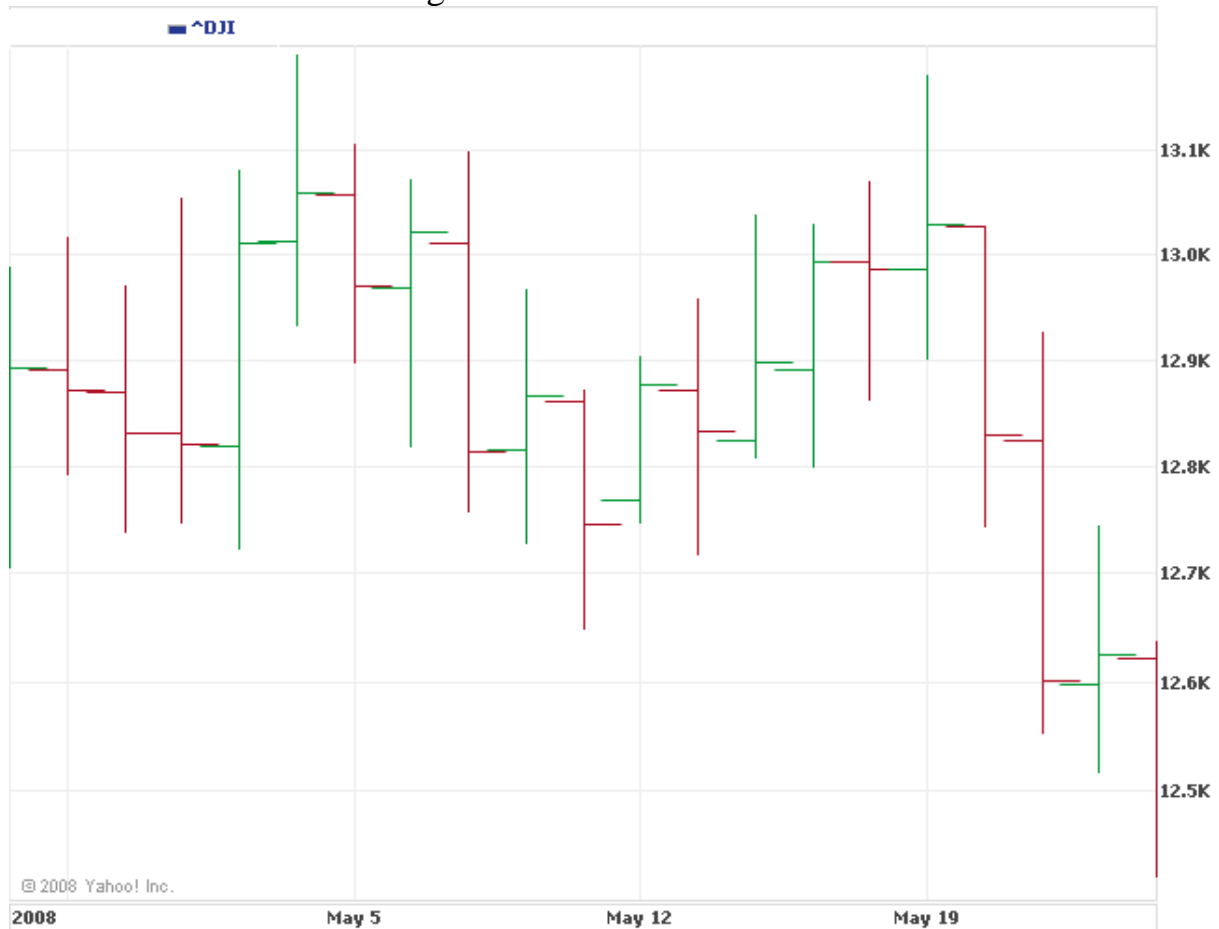


# Florian Galler Psychonomic Newsletter, May 26, 2008

## Dow Jones Industrial Average



### *Now's the time?*

*In last week's newsletter I predicted a pre-election rally on stockmarkets unless the Annapolis process which seemed to have come to a standstill were revived.*

*The latter may be on the way but without the participation and against the will of the U.S. administration:*

Yahoo! News 080519

### Middle East News

- **France says it's had informal contacts with Hamas** AP - 4 minutes ago

PARIS - France acknowledged on Monday that it had informal contacts with Hamas, the militant Palestinian group that the United States and the European Union consider a terrorist organization for its campaign of violence against Israel.

Yahoo! News 0521

### **Lebanon's feuding factions reach agreement** AP - 1 hour, 39 minutes ago



AP Photo: People celebrate as Prime Minister Fuad Saniora talks on TV, after Lebanese politicians came to...

BEIRUT, Lebanon - Lebanon's feuding factions reached a breakthrough deal Wednesday that ends the country's 18-month political stalemate, but also gives the militant Hezbollah group and its allies veto over any government decision.

Yahoo! News 0521

### **Israel says it is holding peace talks with Syria** AP - **Wed May 21, 10:11 AM ET**

Israel and Syria on Wednesday said they were holding indirect peace talks through Turkish mediators — the first official confirmation of contacts between the longtime enemies.

Yahoo! News 0521

### **Deals signed at Palestinian investment conference** AP - 52 minutes ago

Saudi and Qatari companies **signed** up with **Palestinian** partners for \$550 million in construction projects Wednesday, kicking off an investors **conference** meant to help revive the **Palestinian** economy and support Mideast peace efforts.

Yahoo! News 0523

### **Mideast negotiations now bypassing Washington** ㊦

McClatchy Newspapers via Yahoo! News - May 23 2:47 PM

WASHINGTON— **In a week of dramatic developments in the Middle East, the most dramatic development of all may have been the fact that the United States, long considered the region's indispensable player, was missing in action.**

As its **closest allies cut deals with their adversaries this week over the Bush administration's opposition**, Washington was largely reduced to watching.

More painfully for President Bush, friends he's cultivated— and spent heavily on— in Lebanon and Iraq asked the United States to remain in the background, underlining how politically toxic an association with the U.S. can be for Arab leaders.

Over the past few days:

— The **Lebanese government**, which has received \$1.3 billion and political support from the Bush administration, **compromised with the Hezbollah -led opposition**, giving the Iranian-backed Shiite Muslim group, which Washington considers a terrorist organization, a greater role in running the country.

— **Israel ignored U.S. objections and entered indirect peace talks with Syria through Turkey**, another longtime U.S. ally.

— The **U.S.-backed Iraqi government of Prime Minister Nouri al Maliki deployed military forces to Baghdad's Sadr City slum under an agreement that specifically excluded U.S. troops.**

— Saudi Arabia, a crucial oil supplier and long a major buyer of U.S. weapons, is quietly closing what could be a multibillion-dollar arms deal with Russia, according to a U.S. defense official.

State Department officials scoffed at the notion that the United States has been relegated to the sidelines.

Private analysts and some foreign diplomats, however, said that leaders in the Middle East, both friend and foe, are now calculating with an eye to the era after President Bush — who visited Israel, Saudi Arabia and Egypt this month with little visible effect.

Others said that by refusing to talk to adversaries and using bristling "with-us-or-against-us" rhetoric, Bush has cut his administration out of the game. **Under Bush, U.S. diplomats have had few substantive discussions with Iran, Syria, Hezbollah or the militant Palestinian group Hamas**, which rules in the Gaza Strip after winning elections there.

"In that sense, we've dealt ourselves out of the picture," said Richard W. Murphy , a former ambassador to Saudi Arabia and Syria and an assistant secretary of state in the Reagan administration.

Added Marina Ottaway of the Carnegie Endowment for International Peace: " The United States has taken a really hard-line position on all these situations, without being able to deliver in the end."

"We see the countries of the region trying to find a different policy, to try to move these situations forward," Ottaway said. "This is going on across the board."

*Simultaneously we see a deterioration of the reputation of the fundamentalist Bush administration (even regicidal wishes are projected on Bush):*

Yahoo! News 0518

- **White House Notebook: No question, Bush not doing Q&A** AP - Fri May 16, 5:01 PM ET  
RIYADH, Saudi Arabia - No question about it: President Bush hasn't given reporters a chance to ask him anything on this Mideast journey.

Yahoo! News 0519

**Do we know enough about presidential health?** AP -



AP Photo: In this Dec. 17, 2001 file photo, dark spots are visible on President Bush's cheeks...

WASHINGTON - Woodrow Wilson's secret stroke. Grover Cleveland's secret cancer surgery. Franklin D. Roosevelt's secretly worsening heart disease at the world-changing Yalta Conference.

Yahoo! News 0522

**Bush is dealt a defeat on Iraq bill** AP - Thu May 22, 2:20 PM ET



Reuters Photo: Senator Robert Byrd, L, (D-WV), chairman of the Senate Appropriations Committee, and ranking member...

WASHINGTON - Senate Republicans have broken with President Bush to help Democrats add support for veterans and the unemployed to a bill paying for another year of the Iraq and Afghanistan wars.

Yahoo! News 0523

## Senate deals defeat to Bush on Iraq war spending

By ANDREW TAYLOR, Associated Press Writer Fri May 23, 2:21 AM ET

In a stunning vote that illustrated President Bush's diminished standing, the Senate on Thursday ignored his veto threat and added tens of billions of dollars for veterans and the unemployed to his Iraq war spending bill.

*The weakening of the belligerent administration and the peaceful tendencies in the Mideast were responsible for last week's downward movements of stock markets.*

*It has always been my opinion that when the Republican predominance in national U.S. politics will have come to an end a major downswing in stock markets will have to be expected. The question is at which point of time will such a fundamental political change be discounted in the group process. Is now the time or will the Bush administration be able to launch another piece of belligerent politics before it will vanish from the scene?*