

# US Stocks Fall after Supreme Court votes 'Yes' to Obamacare

Thursday, 28 June 2012

U.S. stocks fell on Thursday after the U.S. Supreme Court upheld the Obama administration's healthcare overhaul law, while the euro hit a three-week low as divisions among European leaders at a meeting in Brussels further diminished hopes of urgent measures to tackle the region's debt crisis.

The court upheld the centerpiece of President Barack Obama's healthcare reform law that requires most Americans to get insurance by 2014 or pay a fine. Republican leaders and other opponents who claim the law is too costly and an over-reach of government power vowed to repeal it.

U.S. healthcare sector .GSPA stocks were generally weaker after the ruling, with stocks that stand to benefit from more government business rallied.

Investors also turned more cautious after data showed the U.S. economy is losing momentum, while Germany's unemployment rose in June, posing a risk for global growth.

Financial shares took a beating on a report that JPMorgan's losses on recent botched trades could reach \$9 billion, and British bank Barclays plc paid record fines in a probe of its manipulation of interbank loan rates.

Analysts said that with the market so focused on the outcome of the European summit, trade in stocks and the euro would remain choppy, driven by headlines from the meeting.

"It's rare that we've seen this amount of discord going into a summit," said Chris Turner, head of foreign exchange strategy at ING. "On the face of it, it looks like it's going to be reasonably negative for the euro."

The European Union leaders meeting on Thursday and Friday is expected to produce a broad roadmap for fiscal, financial and political union across the 17-nation currency bloc. Some agreement on measures to boost growth may emerge, but German Chancellor Angela Merkel has brushed aside demands from Italy and Spain for rapid action to lower their soaring borrowing costs.

She also poured cold water on proposals backed by France for euro zone countries to assume joint liability for each other's debts.

Doubts over significant progress toward a crisis solution at the meeting pushed yields on 10-year Spanish bonds above 7 percent and 10-year Italian debt to 6.25 percent. These are seen as unsustainable borrowing costs for the euro zone's third- and fourth-biggest economies.

Wall Street's three major indexes were around 1 percent lower, led by losses in the banking and healthcare sectors.