

**Flash Note**  
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**Alex Fusté**  
[@AlexfusteAlex](#)  
[alex.fuste@andbank.com](mailto:alex.fuste@andbank.com)

**The dollar extends losses after second healthcare bill does not prosper. Pressure could persist.**

Republicans in the U.S. Congress were in chaos over healthcare legislation after a second attempt to pass a bill in the Senate collapsed late on Monday. Two of McConnell's Senate conservatives announced just hours earlier that they would not support the Republican leader's latest version of legislation to repeal portions of President Barack Obama's landmark 2010 healthcare law and replace them with new, less costly healthcare provisions. This was the latest in a series of healthcare setbacks for Republicans, despite their control of both chambers of Congress and the White House. It is now apparent that the effort to repeal and replace the Obamacare will not be successful immediately.

Developments had an immediate impact on financial markets as Asian shares stepped back from more than two-year highs on Tuesday and the dollar extended losses.

Why does this have such a big impact on the financial market, and especially on the dollar? The reform agenda in the US suffers from what we would call a "sequential problem": If health reform does not go forward, it does not generate sufficient savings to carry out the tax reform, or the infrastructure program, etc. Expectations of Trump's ability to push through major growth-enhancing economic measures are now pretty much extinguished. Said this, hence any sign of the White House getting its way with Congress could result in renewed confidence in the USD. Nevertheless, and being honest with you, this seems difficult to be achieved in the short term. The pressure on the dollar is therefore likely to persist.

Kind regards

Àlex FUSTE MOZO  
Chief Economist  
Andbank