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US stocks halt rally on eurozone doubts

By Ajay Makan in New York

US stocks retreated in early trading as splits emerged in Greece over a deal on austerity measures to secure additional bail-out funds.

The S&P 500 was down 0.8 per cent to 1,341.86, the Dow Jones Industrial Average fell 0.8 per cent to 12,791.69, and the Nasdaq Composite index fell 0.7 per cent to 2,907.52.

US indices had made serene progress this week, with investors apparently not unnerved by a tortured process of political negotiations in Athens.

"Short of a disorderly default, Greece is baked into the cake and the US market should stay focused on the domestic economy," Randy Warren, a portfolio manager at Warren Financial, had said on Thursday evening, after the S&P 500 had closed up for a third successive day.

But pictures of protesters on the streets of Greece, the resignation of one Greek party leader over austerity measures, and eurozone finance ministers' rejection of those measures as not severe enough, appeared to signal the return of Greek headline risk.

First Solar shares fell 8.3 per cent to $44.95, after permitting issues delayed a government loan guarantee for a power plant in California operated by the world's biggest maker of thin-film solar panels.

XL Group fell 6.7 per cent to $19.61, after the insurer and reinsurer reported a fourth-quarter loss of 25 cents a share, while most analysts had been expecting a profit.

Shares in CareFusion climbed 3 per cent to $25.55 for the best opening in the S&P 500, after the medical technology company announced a $500m share buy-back authorisation.

CareFusion shares had fallen 2.3 per cent so far this year, lagging the market by 10 per cent, ahead of Friday's announcement.

Salesforce.com climbed 2.8 per cent to $129.08, after Mark Murphy, a Piper Jaffray analyst, said the business software provider had recently closed a "monster transaction".

Shares in Alcoa , the aluminium producer, fell 2.6 per cent to $10.36 on reports it is considering the sale of a smelter in Australia because of higher costs, stemming from the strength of the Australian currency.