GLOBAL X INSIGHTS

The Case for Greek Equities: Deep Emerging Market Value with Developed Market Stability

Malcolm Dorson mdorson@globalxetfs.com

Paul Dmitriev pdmitriev@globalxetfs.com

Date: July 28, 2025 Topic: International Access

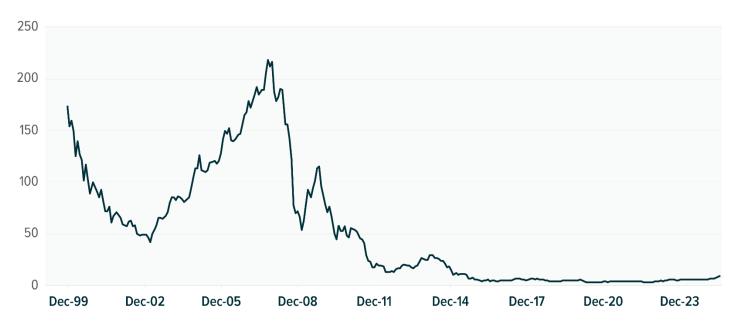
Greek equities have demonstrated robust momentum in 2025, with the MSCI Greece Index (Net) returning over 67.6% year to date through July 15^{th.1} Structural reforms, fiscal discipline, and a favorable macroeconomic environment all underpinned this performance. Despite recent gains, valuations remain attractive, and we see clear potential catalysts on the horizon. Greece still makes up less than 0.7% of the benchmark MSCI Emerging Markets Index, reinforcing our view that Greek equities appear overlooked and under-owned.²

Key Takeaways

- Valuations: Greek equities trade at a forward price-to-earnings (P/E) ratio of approximately 8.6x and a price-to-book (P/B) ratio of around 1.2x, compared to the S&P 500's P/E of over 21.0x and P/B nearing 4.4x.³ This valuation discount persists despite improved macroeconomic indicators and earnings growth.
- Governance: Moody's upgraded Greece to investment-grade status in March 2025, marking the end of a 15-year period of sub-investment-grade ratings. The upgrade reflects enhanced fiscal performance, institutional stability, and commitment to reforms.⁴ Furthermore, Greece continues to benefit from its membership in the EU and Eurozone, with the euro providing greater stability versus the pre-2002 drachma.

MSCI GREECE INDEX: STILL A LONG WAY BACK TO PRE-FINANCIAL CRISIS LEVELS

MSCI Greece Index Level



Source: Global X ETFs with information derived from: Bloomberg LP. Data from December 31, 1999 to June 30, 2025.



- Growth: The European Commission projects Greece's GDP will grow 2.3% in 2025, outpacing the estimated Eurozone average of 1.3%.⁵ Growth drivers include increased private investment, EU Recovery and Resilience Facility (RRF) fund deployment, and a strong tourism sector. Furthermore, a gradual recovery towards the EU Investment-to-GDP average of 23%, back to pre-financial crisis levels, is coinciding with a significant improvement in the banking sector ROE toward 15%.⁶
- Positioning: The Athens Stock Exchange has experienced a resurgence, with market capitalization increasing by €20 billion over the eight months through May 2025, finally catching up to pre-2008 levels.⁷
- Geopolitics: Greece maintains a stable political environment with a pro-business government, reducing geopolitical risk. The country's strategic location and EU membership provide access to broader markets while maintaining regional neutrality. Additionally, Greece's main export comes from services (in the form of tourism), meaning that it boasts a low risk profile in terms of tariffs.
- Catalysts: Potential reclassification of Greek equities to Developed Market status by FTSE Russell and MSCI could attract significant passive inflows. We believe Euronext's discussions to acquire the Athens Stock Exchange may enhance market integration and investor access.

Conclusion

Greek equities may offer a compelling investment opportunity, combining Emerging Market growth prospects with Developed Market stability. We think the confluence of attractive valuations, structural reforms, and favorable macroeconomic trends positions Greece as a strategic addition to diversified portfolios.

Footnotes

- 1. Bloomberg. Data as of July 15, 2025.
- 2. Ibid.
- 3. Ibid.
- 4. Moody's. (2025, Mar 14). Moody's Ratings Upgrades Greece's Ratings to Baa3 From Ba1, Changes Outlook to Stable From Positive.
- 5. European Commission. (2025, May 19). Economic Forecast for Greece.
- 6. European Commission. (2024, Apr).
- 7. Athens24. (2025, Jun 7). Athens Stock Exchange Soars With 35% Rally and EUR20 Billion Growth in 8 Months.
- 8. Finance Feeds. (2025, Jul 2). Euronext in Talks to Acquire Athens Stock Exchange in EUR399M Deal.

Information provided by Global X Management Company LLC.

Investing involves risk, including the possible loss of principal. Diversification does not ensure a profit nor guarantee against a loss.

The risks of foreign investments are typically greater in less developed countries, which are sometimes referred to as emerging markets. For example, legal, political, and economic structures in these countries may be changing rapidly, which can cause instability and greater risk of loss. These countries are also more likely to experience higher levels of inflation, deflation, or currency devaluation, which could hurt their economies and securities markets. For these and other reasons, investments in emerging markets are often considered speculative. Similarly, investors are also subject to foreign securities risks including, but not limited to, the fact that foreign investments may be subject to different and in some circumstances less stringent regulatory and disclosure standards than U.S. investments.

This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. This information is not intended to be individual or personalized investment or tax advice and should not be used for trading purposes. Please consult a financial advisor or tax professional for more information regarding your investment and/or tax situation.