

1.4. Positive messages from the Greek capital market

Fotini Economou

1.4.1. Introduction

The ongoing health crisis that began in early 2020 continues to create an environment of uncertainty about its outcome and the potential impact a new peak may have on the economy and society. Nevertheless, the Greek economy shows significant signs of recovery, with positive prospects based on significant macroeconomic figures/indicators. These developments were followed by the recent upgrade of Greece's credit rating, on September 17, 2021, by the rating agency DBRS Morningstar, from BB (Low) to BB (with a positive outlook), following the upgrade by the rating agency Scope Ratings from BB to BB+ (with a stable outlook) on September 10, 2021.

In this context, the Greek stock market completed the first eight months of 2021 with a positive sign for the majority of indices and other stock market data, with the medium capitalization stocks standing out. At the same time, government bond yields remained at low levels, making it possible to raise funds at low cost, while the picture was also positive for the institutional management sector in the first half of 2021.

This article presents the course of the Greek stock market since the beginning of 2021 with emphasis on key stock market indices and data. In addition, the course of the bond market and the institutional management sector is presented. Finally, the last section of the article summarizes and concludes.

1.4.2. The recent course of the stock market since the beginning of 2021

The data of the Athens Stock Exchange (ATHEX) for the recent course of the stock market indicate the medium capitalization as the protagonist of the returns at an eight-month level. More specifically, according to ATHEX data (Table 1.4.1), the Athex Composite Share Price Index increased by 14.11%, reaching 923.15 points at the end of August 2021 from 808.99 points

at the end of December 2020, and reached an annual high during August 2021. The FTSE/Athex Large Cap Index followed a similar course, recording an increase of 14.45% and reaching 2,214.27 points at the end of August 2021 from 1,934.64 points at the end of December 2020. In the same period, the FTSE/ATHEX Mid & Small Cap Factor-Weighted Index increased by 37.59%, and the FTSE/Athex Mid Cap Index recorded a return of 37.01%.

The course of the sector indices was also particularly positive, with the FTSE/Athex Technology and FTSE/Athex Industrial Goods & Services recording the highest returns of 59.42% and 33.98%, respectively. FTSE/Athex Telecommunications, FTSE/Athex Basic Resources, FTSE/Athex Travel & Leisure and FTSE/Athex Construction & Materials followed, with returns of over 20% (28.56%, 24.60%, 21.25% and 20.56%, respectively). Moreover, negative returns were recorded by the FTSE/Athex Personal Products (-2.84%) and FTSE/Athex Consumer Goods & Services (-3.67%).

According to ATHEX data (2021), the market capitalization of the ATHEX (assets under custody of domestic and foreign investors in total listed equities with the participation of the Financial Stability Fund) reached €56.22 billion at the end of August 2021, increased by 5.8% compared to the end of the previous month (€53.13 billion). The participation of foreign investors was 62.8% and 37.2% for domestic investors. Note that foreign investors recorded inflows for the fourth consecutive month, with inflows of €29.8 million in August 2021. In addition, foreign investors made 50.2% of transactions in August 2021, recording a decrease from 61.6% of the previous month (Figure 1.4.1).

Moreover, according to ATHEX data (2021), the value of transactions for the whole market reached €1,004.45 million in August 2021, reduced by 33.12% compared to the previous month, which was at €1,501.83 million. However, the value of transactions increased by 57.39% compared to August 2020, which was at €638.18 million. More specifically, focusing on equities, the cash value of settled transactions of equities for the eight months of 2021 amounted to €12.09 billion, higher compared to the eight months of 2020, which was at €10.74 billion. According to the data of August 2021, the cash value of settled transactions of equities decreased to €0.97 billion compared to the

TABLE 1.4.1 Prices and returns for selected indices of the ATHEX (31/12/2020-31/8/2021)

| | 31/8/2021 | 31/12/2020 | Year min | Year max | Year change (%) |
|--|-----------|------------|----------|-----------|-----------------|
| FTSE/ATHEX Mid & Small Cap Factor-Weighted Index | 4,298.59 | 3,124.15 | 2,996.13 | 4,351.02 | 37.59% |
| FTSE/Athex Mid Cap Index | 1,517.17 | 1,107.38 | 1,026.21 | 1,532.23 | 37.01% |
| Athex All Share Index | 230.88 | 187.55 | 175.88 | 232.71 | 23.10% |
| Hellenic Mid & Small Cap Index | 1,427.77 | 1,202.50 | 1,110.37 | 1,442.42 | 18.73% |
| FTSE/Athex Large Cap | 2,214.27 | 1,934.64 | 1,718.82 | 2,259.27 | 14.45% |
| Athex Composite Share Price Index | 923.15 | 808.99 | 726.02 | 931.94 | 14.11% |
| FTSE/Athex Technology | 1,741.42 | 1,092.34 | 1,043.00 | 1,768.24 | 59.42% |
| FTSE/Athex Industrial Goods & Services | 3,929.63 | 2,932.95 | 2,762.19 | 3,996.37 | 33.98% |
| FTSE/Athex Telecommunications | 4,685.27 | 3,644.51 | 3,294.37 | 4,734.07 | 28.56% |
| FTSE/Athex Basic Resources | 7,667.65 | 6,153.83 | 5,233.31 | 8,597.84 | 24.60% |
| FTSE/Athex Travel & Leisure | 2,100.61 | 1,732.48 | 1,540.34 | 2,174.23 | 21.25% |
| FTSE/Athex Construction & Materials | 3,328.79 | 2,761.06 | 2,565.75 | 3,422.77 | 20.56% |
| FTSE/ATHEX Real Estate | 5,678.87 | 4,825.18 | 4,187.35 | 5,770.64 | 17.69% |
| FTSE/Athex Energy | 3,460.60 | 2,964.77 | 2,835.10 | 3,724.35 | 16.72% |
| FTSE/Athex Food & Beverage | 11,470.27 | 9,885.18 | 9,045.03 | 12,311.96 | 16.04% |
| FTSE/Athex Utilities | 5,306.94 | 4,602.67 | 4,264.97 | 5,410.79 | 15.30% |
| FTSE/Athex Retail | 56.27 | 49.57 | 46.54 | 58.68 | 13.52% |
| FTSE/Athex Banks | 565.88 | 518.99 | 405.46 | 639.42 | 9.03% |
| FTSE/Athex Insurance | 2,056.78 | 1,909.42 | 1,885.00 | 2,192.44 | 7.72% |
| FTSE/Athex Financial Services | 793.66 | 763.95 | 679.98 | 843.74 | 3.89% |
| FTSE/Athex Personal Products | 8,786.95 | 9,043.89 | 8,270.74 | 9,116.06 | -2.84% |
| FTSE/Athex Consumer Goods & Services | 7,496.62 | 7,781.92 | 6,939.31 | 9,231.17 | -3.67% |

Source: Daily official list of trading activity of the ATHEX (31/8/2021 and 31/12/2020).

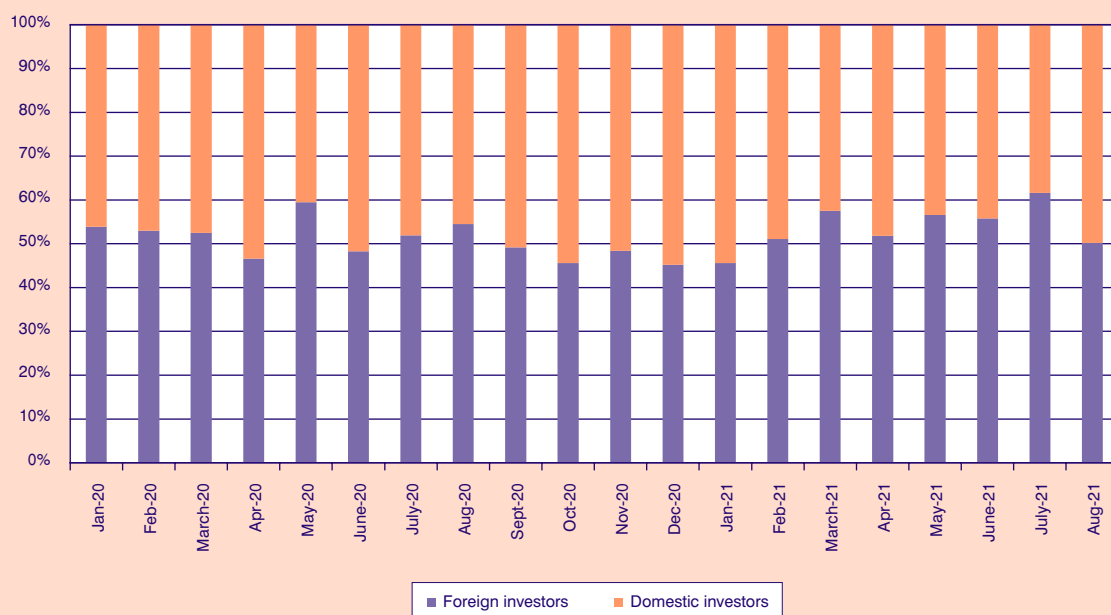
previous month, which was at €1.47 billion, although it increased compared to August 2020, which was at €0.64 billion (see Figure 1.4.2).

Finally, the KEPE GRIV implied volatility index, i.e., the so-called “fear” index, also recorded a decrease. The KEPE GRIV index reflects the uncertainty of the derivatives market participants about the expected short-term course of the Greek market and is calculated on the basis of the FTSE/ATHEX Large Cap options prices. The KEPE GRIV index decreased in August

2021, reaching 24.26% on 31/8/2021 from 25.31% on 30/7/2021, close to the level it had at the end of December 2020, at 23.97% on 31/12/2020. The index remained below its historical average level (since January 2004) for the Greek market, which stands at 32.77%, while the average daily value of the index also decreased in August 2021, reaching 24.49% from 24.81% in July 2021. The evolution of the index reflects a decrease in uncertainty for the expected short-term course of the Greek market.

FIGURE 1.4.1

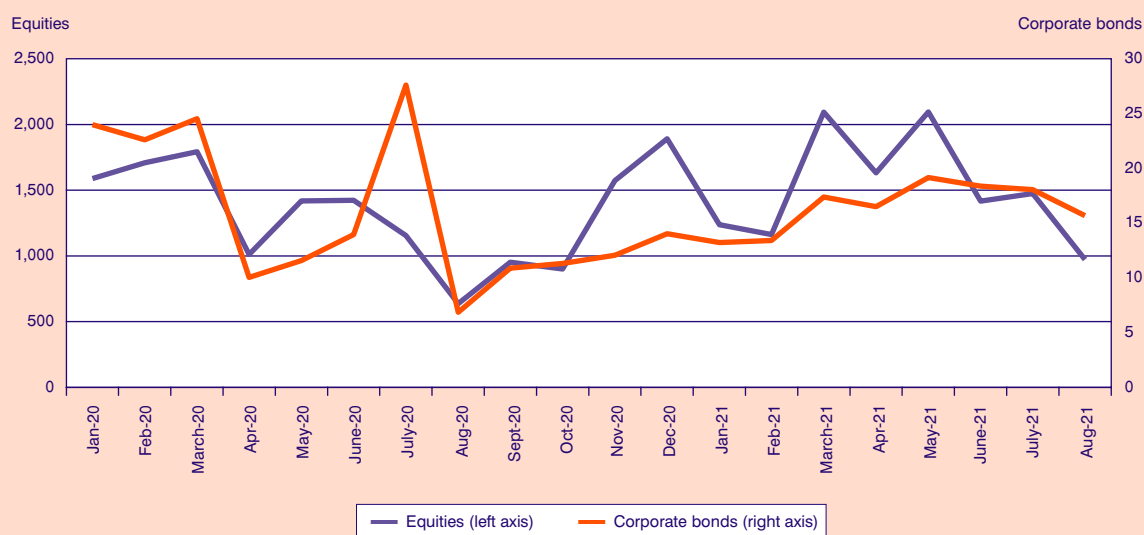
Participation of foreign and domestic investors in the total transaction value of the ATHEX (%)



Source: Athens Exchange Group, Monthly Statistics Bulletin AxiaNumbers, Securities Market, December 2020, March 2021 up to August 2021.

FIGURE 1.4.2

Cash value of settled transactions, January 2020-August 2021 (in million €)



Source: Athens Exchange Group, Monthly Statistics Bulletin AxiaNumbers, Securities Market, December 2020 and August 2021.

1.4.3. Greek Government T-bills, Greek Government bonds and corporate bonds

During the period under examination, the successful issues of the Greek Government continued, making it possible to raise funds at low borrowing costs. As shown in Table 1.4.2, the yields of all issues of 13-, 26- and 52-week Government T-bills issued in 2021 were negative.

According to Bank of Greece data, the yields on Greek Government bonds with maturities of 3, 5, 7, 10, 15 and 20 years were reduced in August 2021 compared

to December 2020, with the largest decrease observed in the 7-year Greek government bonds, while the yields on the 30-year bonds increased slightly (Table 1.4.3). Focusing on the course of the 10-year bond yield, it reached a new historically low level in August 2021, with the average monthly yield remaining at levels below 1% throughout the eight months of 2021 (Figure 1.4.3). It is also worth mentioning the successful simultaneous reissue of 5-year and 30-year bonds of September 2021, from which a total of €2.5 billion was raised (€1.5 billion from the 5-year and €1 billion from the 30-year bond). The reissue of the 5-year bond (0% coupon) had a yield of 0.02%, which is a new re-

TABLE 1.4.2 Greek Government T-bills yields (issues from January 2021 to the beginning of September 2021)

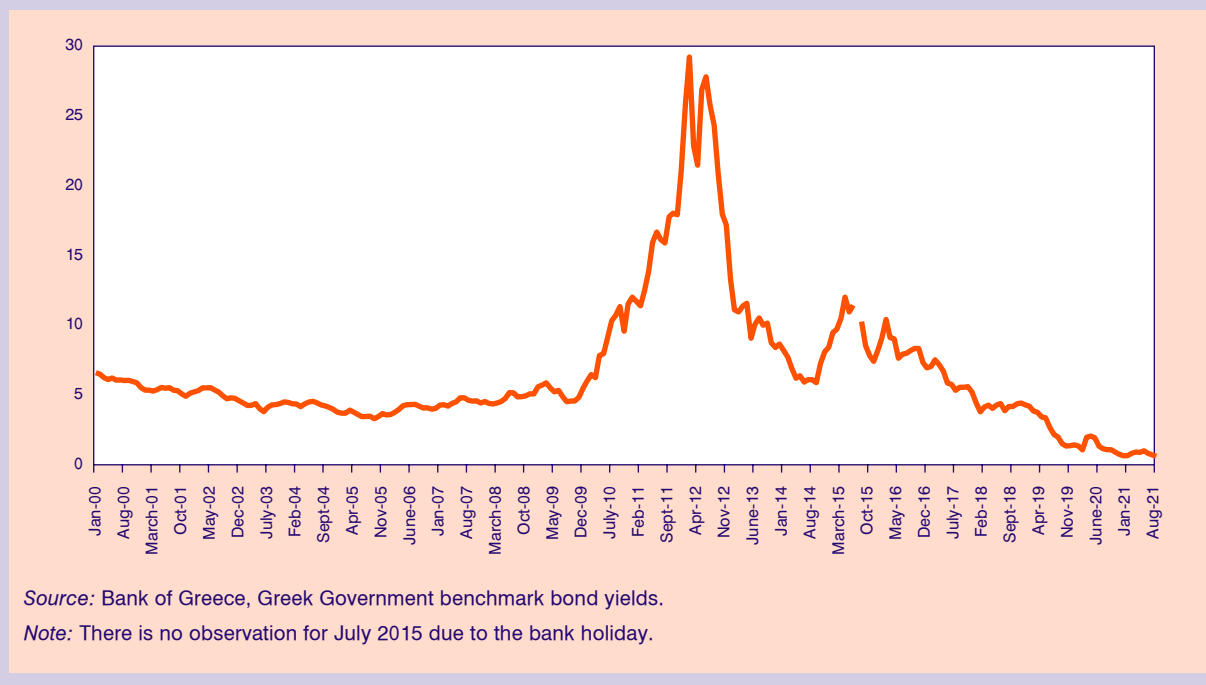
| Auction date | 13 weeks | Auction date | 26 weeks | Auction date | 52 weeks |
|--------------|----------|--------------|----------|--------------|----------|
| 4/8/2021 | -0.40% | 25/8/2021 | -0.39% | 8/9/2021 | -0.31% |
| 7/7/2021 | -0.40% | 28/7/2021 | -0.39% | 9/6/2021 | -0.31% |
| 5/5/2021 | -0.40% | 30/6/2021 | -0.39% | 10/3/2021 | -0.22% |
| 7/4/2021 | -0.32% | 2/6/2021 | -0.36% | | |
| 3/2/2021 | -0.32% | 28/4/2021 | -0.32% | | |
| 5/1/2021 | -0.32% | 31/3/2021 | -0.24% | | |
| | | 24/2/2021 | -0.28% | | |
| | | 27/1/2021 | -0.28% | | |

Source: Ministry of Finance.

TABLE 1.4.3 Monthly average yield (%) of Greek Government benchmark bonds (Dec. 2020-Aug. 2021) for maturities of 3, 5, 7, 10, 15, 20 and 30 years

| Maturity (years) | 3 | 5 | 7 | 10 | 15 | 20 | 30 |
|------------------|-------|-------|-------|------|------|------|------|
| December 2020 | -0.12 | -0.06 | 0.32 | 0.63 | 0.89 | 0.99 | 1.08 |
| January 2021 | -0.13 | -0.02 | 0.33 | 0.65 | 0.94 | 1.05 | 1.16 |
| February 2021 | -0.10 | 0.08 | 0.37 | 0.81 | 1.07 | 1.17 | 1.28 |
| March 2021 | -0.11 | 0.10 | 0.44 | 0.91 | 1.22 | 1.37 | 1.58 |
| April 2021 | -0.16 | -0.01 | 0.33 | 0.89 | 1.22 | 1.52 | 1.93 |
| May 2021 | -0.13 | 0.17 | 0.38 | 0.99 | 1.27 | 1.49 | 1.99 |
| June 2021 | -0.22 | 0.07 | 0.20 | 0.81 | 1.00 | 1.22 | 1.69 |
| July 2021 | -0.32 | -0.08 | 0.07 | 0.70 | 0.85 | 1.07 | 1.52 |
| August 2021 | -0.38 | -0.18 | -0.06 | 0.59 | 0.70 | 0.91 | 1.36 |

Source: Bank of Greece.

FIGURE 1.4.3**Greek Government 10-year benchmark bond monthly average yield (%) (January 2000-August 2021)**

cord low, and the reissue of the 30-year bond (coupon 1.875%) had a yield of 1.675%, lower than the respective issue of March 2021, which was at 1.956%.

Moreover, according to ATHEX (2021) data, the course of the corporate bond indices was also positive. The Hellenic Corporate Bond Price Index¹ recorded a return of 2.67%, while the Hellenic Corporate Bond Index² had a return of 4.75% for the first eight months of 2021.³ In addition, even though the cash value of the settled transactions of corporate bonds decreased to €131.76 million in the first eight months of 2021, from €141.15 million in the corresponding period of 2020, the cash value of the settled transactions in August 2021 was at €15.67 million, i.e., higher compared to August 2020, which was at €6.87 million (see Figure 1.4.2).

1.4.4. The course of the institutional management sector

The course of the institutional management sector is also positive. According to the Hellenic Fund and Asset

Management Association (2021) data for the first half of 2021, the total amount of funds under management amounted to €20.4 billion, recording an increase of 12.63% compared to 31/12/2020. The composition of these funds on 30/6/2021 concerned 48.4% in Undertakings for Collective Investment in Transferable Securities (UCITS), 36.1% in the Asset Management sector, 14.9% in Real Estate Investment Companies (REICs)⁴ and 0.6% in Alternative Investment Funds (AIFs).

Focusing on the UCITS managed by Greek Mutual Fund Management Companies, on 30/6/2021, the total assets under management reached €9.85 billion (€7.4 billion in UCITS Law 4099/12 and €2.45 billion in EU UCITS), recording an increase of the total assets of 11.4% compared to the previous quarter and an increase of 21.7% since the beginning of the year. Of these assets, 34% are bond UCITS, 23% balanced, 20% Funds of Funds, 16% equity, 4% money market and 3% specialist. Note that the inflows of funds to UCITS continue for the fifth consecutive quarter, with total inflows since the beginning of the year exceed-

1. Based on the net price of each bond.

2. Based on the net price, accrued interest and the value of the payments of each bond.

3. Returns on 27/8/2021 according to the daily official list of trading activity of the ATHEX of 31/8/2021.

4. On 31/12/2020 (latest published data), see Hellenic Fund and Asset Management Association (2021).

ing €1.37 billion. In addition, positive returns were recorded by almost all categories of UCITS with the highest returns recorded by Equity Funds – Emerging Markets (17.27%), Equity Funds – Developed Markets (14.43%), Equity Funds – Greece (13.62%) and Equity Funds - Eurozone (12.87%).

1.4.5. Conclusions

The messages that emerge for the Greek capital market from the analysis of the data for the eight months of 2021 are positive. More specifically, the majority of stock indices and other stock market data moved upwards with the medium capitalization standing out, while the sector indices FTSE/Athex Technology and FTSE/Athex Industrial Goods & Services recorded impressively high returns. At the same time, the successful issues of the Greek Government continued at low borrowing costs, reflecting the confidence of the inter-

national markets in the Greek economy. Equally positive was the course of the institutional management sector in the first half of 2021. Finally, it is worth noting that the two upgrades of Greece's credit rating by the international rating agencies DBRS Morningstar and Scope Ratings in September 2021 bring the Greek economy closer to its goal of returning to investment grade. However, the challenges posed for the markets by the health crisis remain, as does the uncertainty associated with its outcome and a possible new peak.

References

Hellenic Fund and Asset Management Association, Press release 15/7/2021, 11075.

Athens Exchange Group, Monthly Statistics Bulletin AxiaNumbers, Securities Market, August 2021.

Athens Exchange Group, Monthly Statistics Bulletin AxiaNumbers, Securities Market, December 2020.