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Brexit Overreaction and the Greek Stock Market Revival

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Abstract*:* We compare the performance of the Greek stock market against other European markets both before and after the 2016 Brexit referendum. Despite being the hardest hit of all on June 24, 2016, Greece went on to outperform every other major European stock market post-Brexit. Structural break testing confirms a statistically significant post-Brexit step up in Greek stock market performance of over 3% per month. This stock market revival occurred amidst an improving fiscal and economic situation that was already evident by 2016 but was seemingly ignored by investors in the immediate aftermath of the referendum.

Keywords: Brexit, Stock Markets, Greece, PIIGS

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