

3 Ways To Trade The Greece Default

Taking a look at the chart of the Global X FTSE Greece 20 ETF ([GREK](#)), which is a common [ETF](#) used by retail traders to track the performance of Greek assets, as broken below a key level of short-term support. The move below the dotted trendline on extremely heavy volume (shown by the red circle/arrow) means that it is extremely risky for bulls to enter a position. Short-term momentum is most definitely in the favor of the bears and most will likely continue to bet on downward price moves until the ETF closes above the resistance of the 200-day moving average. Most likely, only a major fundamental shift such as a bailout will be enough of a catalyst to reverse the downtrend. (For more, see: *If Greece Leaves The Euro, Who's Next?*)

Global X FTSE Greece 20 ETF ([GREK](#))



GREK ETF Fundamentals

For traders new to this ETF, GREK tracks the FTSE/ATHEX Custom Capped Index, which is designed to reflect broad market performance of Greece. The fund holds 20 companies that are listed on the Athens exchange and allows investors to gain exposure to Greek assets without actually trading individuals companies listed on the exchange. The fund carries a 0.55% management fee and currently has [net assets](#) of just over \$300 million.

One of the fund's most popular holdings is the National Bank of Greece ([NBG](#)), which has a market capitalization of nearly \$4 billion and has recently broken below a key level of support. Taking a look at the chart, you'll see that the move below \$1.20 caused the [MACD indicator](#) to cross below its signal line (shown by the red circle). This bearish crossover will be used by active traders to suggest that the short-term momentum will likely be lower. Most bearish traders will look to protect their short positions by placing a stop-loss order above the 200-day moving

average, which is currently trading at \$1.70. Those looking to limit the risk of the trade may want to tighten their stop losses so that they are just above the recent swing high of \$1.38. (For more, see: [A Primer On The MACD](#))

National Bank of Greece (NBG)



Hellenic Telecommunications

Another key holding of the GREK ETF, which is experiencing downward pressure, is Hellenic Telecommunications Organization SA (HLTOY). For those unfamiliar, the firm provides telecommunications and related services to individuals in Greece and comprises 9.94% of total net assets of the GREK ETF. Taking a look at the chart, you'll see that the price recently tested the resistance of a nearby trendline.

Hellenic Telecommunications Organization SA (HLTOY)



Recent news and the failed attempt to surpass the combined resistance of the dotted trendline and the 200-day moving average (red line) suggests that the momentum is in the favor of the bears and that the price could be headed back toward the April low of \$3.65 or even lower. Bullish traders should proceed with extreme caution and will likely remain on the sidelines until the price is above to close back above the 50-day moving average or various technical indicators such as the RSI, MACD or fast stochastics turn positive again. (For more, see: [How A Greece Crisis Affects The US](#))

The Bottom Line

A missed payment to the IMF by Greece has put the nation on the front page of every media outlet across the globe. Retail traders are scouring the markets for ways to trade the news and there are few assets out there better suited to the ask than the Global X FTSE Greece 20 ETF. Taking a look at the chart of the ETF along with several of its top holdings confirm that the momentum is in the favor of the bears and that only a fundamental shift will be enough to reverse the extreme downtrends. (For related reading, see: [The Origins Of Greece's Debt Crisis](#))

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At the time of writing, Casey Murphy did not own shares in any of the companies mentioned in this article.