

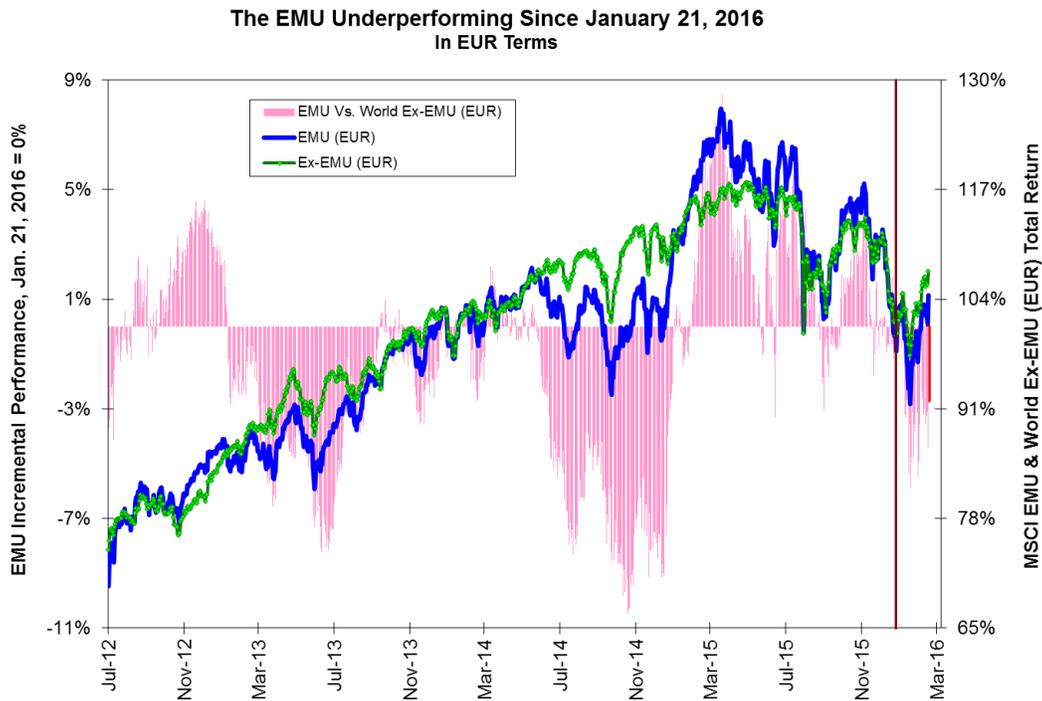
## The World Thanks The European Central Bank

It is sort of a staple of bad crime dramas. A sleuth utters the phrase, “Cui bono?” or “Who benefits?” You wonder what language detectives in the Roman Empire used to convey sophistication. Which brings us to our point, who benefited from the European Central Bank’s return to a more accommodative stance back in January. Please recall this followed their December 3, 2015 decision not to move further into negative-rate territory, which in turn followed their October 14, 2015 hint they would move more aggressively.

Now that Maria Sharapova will be cooling her heels for the foreseeable future, tennis fans can watch Mario Draghi bat the ball back and forth to himself. After all, what does Maria have he does not?

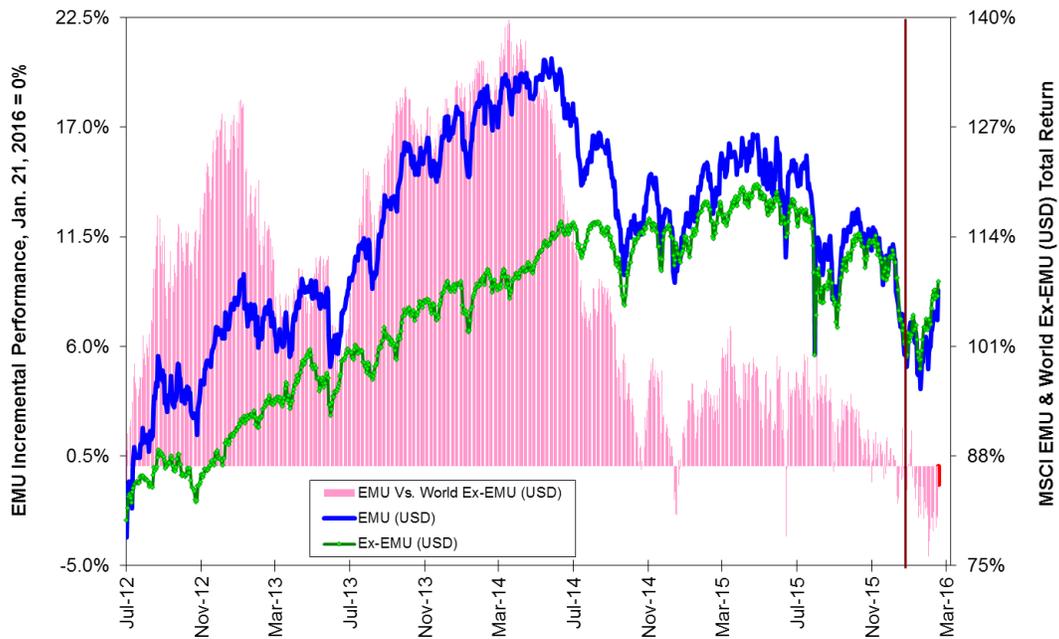
### EMU Versus The World

Let’s compare the EMU and World Ex-EMU across two periods, the first extending from the ECB’s December 3, 2015 postponement of more aggressively negative short-term rates through January 21, 2016, marked with a vertical line for you convenience, and the period thereafter. Average daily returns for the EMU index rose from -0.498% to 0.176% in EUR terms; comparable figures for the World Ex-EMU index are -0.354% and 0.200%. Returns were different at significant 90.81% and 97.43% confidence levels for the EMU and World Ex-EMU indices, respectively, across the two periods.



Now let’s switch the basis from comparison from euros to dollars. The EMU index has underperformed the World Ex-EMU index by 0.92% in USD terms since January 21, 2016. Average daily returns for the EMU index rose from -0.413% to 0.240% over the two periods in question. These are different at a 94.99% confidence level. Comparable figures for the World Ex-EMU index in USD terms were average daily returns of -0.361% and 0.232% for the two periods; these are different at a 98.57% confidence level.

**The EMU Underperforming Since January 21, 2016**  
In USD Terms



While it has become fashionable to decry the efficacy of central bank actions, the ECB’s shift back toward a more accommodative stance was part of, but not necessarily causal of, higher returns both within and outside of the EMU. In addition, as has been the case for the past seven years of various global QE programs, returns outside of the EMU have been greater than those within the EMU regardless of whether any direct euro carry trade can be demonstrated.

Our hard-bitten but nevertheless Latin-spewing gumshoe might wonder, “Cui bono?” only to have his ever-present dimwitted sidekick mutter, “Someone else, boss. Someone else.”