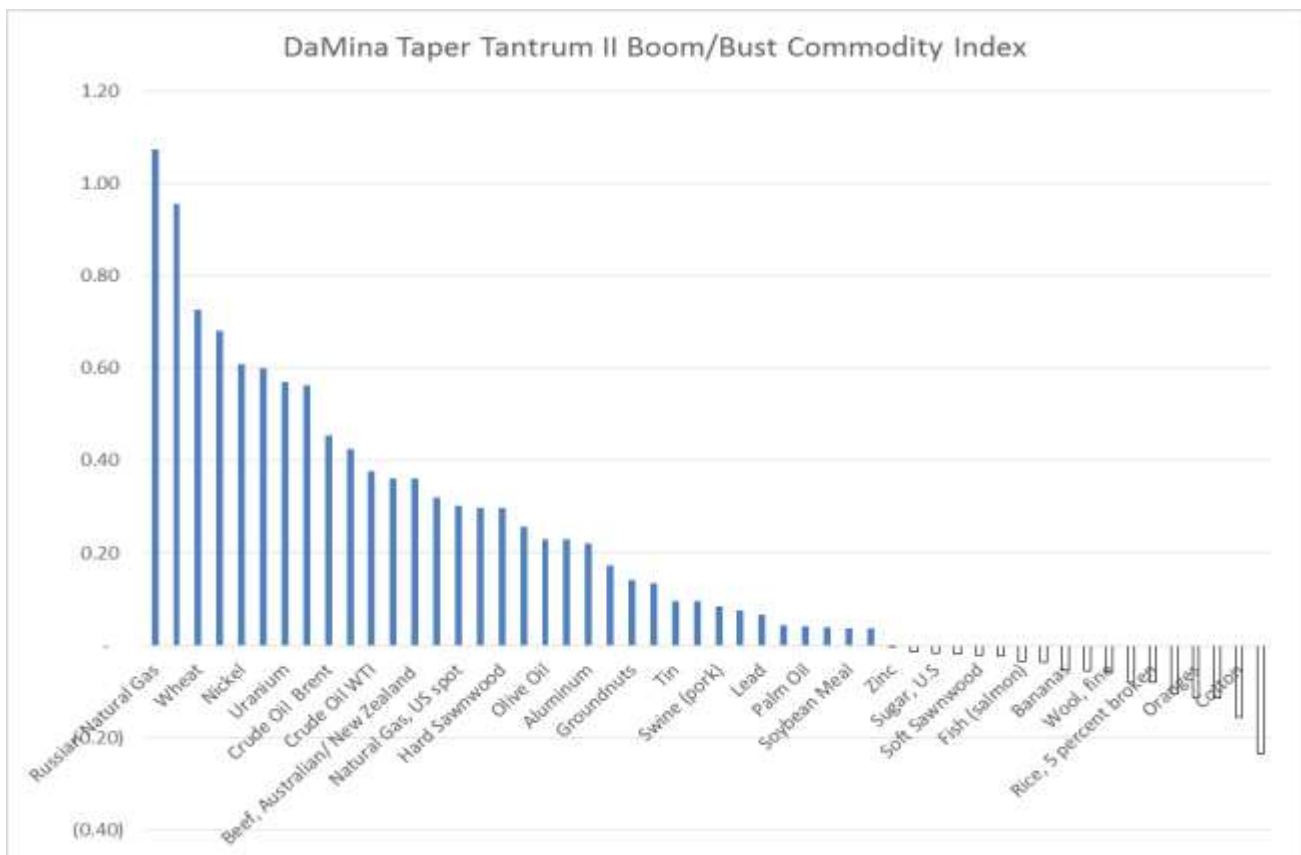


**Taper Tantrum II: Boom-Bust INDEX of most vulnerable commodities**

September 20, 2016

An unexpected interest rate hike by the US central bank will not affect all commodity prices, and commodity dependent countries and currencies equally – some will see a price surge, while others could see a drastic price cascade. For instance despite widespread market expectations that a US Fed rate hike will trigger a fall in crude oil prices, a rates hike is more likely to trigger an upswing in global oil prices. Since the 2008 recession many of the traditional historical statistical co-relationships between the US Funds rate and key commodities such as oil have inverted. ‘DaMina’s Boom-Bust Commodity Index’ suggest that Russia/Ruble and Canada/Lonnie stand to be the immediate biggest beneficiaries of a Fed rate hike as natural gas, wheat and uranium export prices rise. Conversely Japan and Europe, the largest importers of Russian natural gas and Indonesian LNG, as well as Egypt and Indonesia, the largest importers of wheat may see their currencies suffer, even as the prices of those commodities rise sharply. Pakistan, Thailand, Malaysia, Kenya and Sri Lanka could also face serious headwinds as cotton, rubber, rice, sugar tea prices cascades downwards as US interest rates rise.



Source: DaMina Advisors

	<b>DaMina Taper Tantrum II Boom/Bust Commodity Index</b>	<b>% Price Change Since Last Fed Rate Hike (Dec '14)</b>	<b>Correlation with US Fed Funds Rate since Dec 2014</b>
Russian Natural Gas	1.07	-59%	(0.83)
Indonesian LNG (Japan)	0.96	-56%	(0.70)
Wheat	0.73	-43%	(0.71)
Fishmeal	0.68	-41%	(0.65)
Nickel	0.61	-36%	(0.71)
Hides	0.60	-36%	(0.67)
Uranium	0.57	-30%	(0.92)
10 Year US Treasury	0.56	-32%	(0.75)
Crude Oil Brent	0.45	-27%	(0.65)
Copper	0.42	-25%	(0.73)
Crude Oil WTI	0.38	-24%	(0.56)
Soft Logs	0.36	-24%	(0.53)
Beef, Australian and New Zealand	0.36	-22%	(0.66)
Shrimp	0.32	-19%	(0.67)
Natural Gas, US spot	0.30	-19%	(0.60)
Sugar, European	0.30	-16%	(0.87)
Hard Sawwood	0.30	-16%	(0.87)
Lamb, frozen	0.26	-17%	(0.48)
Olive Oil	0.23	-14%	(0.64)
China import Iron Ore	0.23	-18%	(0.29)
Aluminum	0.22	-15%	(0.50)
Coffee, Other Mild Arabicas	0.17	-14%	(0.22)
Groundnuts	0.14	-9%	(0.54)
Maize (corn)	0.13	-9%	(0.41)
Tin	0.10	-10%	0.05
Coffee, Robusta	0.10	-6%	(0.52)
Swine (pork)	0.08	-8%	(0.02)
Sunflower oil	0.07	-7%	(0.06)
Lead	0.07	-5%	(0.25)
Rapeseed oil	0.04	-6%	0.22
Palm Oil	0.04	-6%	0.36
Poultry (chicken)	0.04	-2%	(0.86)
Soybean Meal	0.04	-4%	(0.01)
Soybean Oil	0.04	-5%	0.30
Zinc	(0.00)	0%	(0.20)
Coal, Australian thermal coal	(0.02)	1%	(0.52)
Sugar, U.S	(0.02)	13%	0.87
Hard Logs	(0.02)	15%	0.87
Soft Sawwood	(0.02)	2%	(0.33)
Soybeans	(0.02)	3%	0.23
Fish (salmon)	(0.04)	30%	0.88
Cocoa	(0.04)	3%	(0.07)
Bananas	(0.05)	11%	0.50
Wool, coarse	(0.05)	16%	0.66
Wool, fine	(0.06)	13%	0.56
Barley	(0.08)	11%	0.25
Rice, 5 percent broken	(0.08)	11%	0.26
Sugar, Free Market	(0.11)	31%	0.66
Oranges	(0.11)	26%	0.56
Rubber	(0.11)	11%	(0.07)
Cotton	(0.16)	19%	0.17
Tea	(0.23)	15%	(0.55)

DaMina's Taper Tantrum II Boom-Bust Commodity Index measures the potential price changes of 52 commodities over the next year in light of recent price behavior since the US Fed began raising interest rates in December 2014.

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*DaMina Advisors is a preeminent Africa-focused independent frontier markets risk research, due diligence and Africa M&A transactions consulting and strategic advisory firm. DaMina Advisors is legally registered and has offices in the US, Canada, The UK and Ghana.*

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