

Gunvor Hires Metals Traders as Banks Exit Commodities

(Bloomberg, Jan. 2014) Gunvor Group Ltd., the oil trader controlled by billionaires Torbjorn Tornqvist and Gennady Timchenko, hired three metals traders from Noble Group Ltd. and Cargill Inc., according to two people with direct knowledge of the matter.

The traders, Rene Van Der Kam and Julie Zhu, both formerly of Noble, and Marc Bonter will start at the Cyprus-registered firm in February, said the people who asked not to be identified as the appointments are private. Gunvor is expanding as some of the biggest banks cut commodity jobs to the lowest since at least 2009, according to London-based analytics company Coalition.

Gunvor joins Mercuria Energy Trading SA and Vitol SA in boosting trade in non-oil commodities as they seek to offset shrinking margins from selling and buying crudes. The company, which started in 2000 to handle Russian oil, plans to expand throughout Asia, it said in July. JPMorgan Chase & Co is selling its physical commodities unit, while Deutsche Bank AG said in December it's cutting about 200 commodities jobs.

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Van Der Kam was Noble's director for industrial metals, said the people with knowledge of the matter. He has also worked for companies including JPMorgan Chase & Co and Barclays Plc, according to the U.K. Financial Services Register. Bonter joins

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Gunvor from Cargill was also at JPMorgan, according to the government database.

Deutsche Hire

Cedric Chanu, a precious-metals trader formerly at Deutsche Bank, started at the Singapore office this month, Gunvor spokesman Seth Thomas Pietras said in an e-mailed reply to Bloomberg News. Pietras declined to comment in response to questions about the other traders.

The index tracking six major London Metal Exchange industrial metals fell 8.6 percent last

George H. Stein, CFA
Managing Director, Commodity Talent LLC
 349 5th Ave., 7th Flr., New York, NY 10016
 T +1 646 205-3557 M +1 917 545-9850
 E ghstein@commoditytalent.com
 Skype/Twitter: georgehstein

year because of oversupply in copper and aluminum. Gold plunged 28 percent in 2013, halting a 12-year rally as investors lost faith in the metal as a store of value.

Total headcount in commodity units at the 10 largest global investment banks as of September was about 4 percent lower than at the end of 2012, according to Coalition.

Deutsche Bank is cutting about 200 jobs as it joins other banks pulling back from commodities amid increased scrutiny from regulators and demands banks set aside more reserves to cover potential losses. JPMorgan, the biggest U.S. bank by assets, plans to sell most of its physical raw materials business ranging from metals to oil. Bank of America Corp. said Jan. 7 it will withdraw from Europe's power and natural gas markets.

Profit Margin

Gunvor is the fifth-largest independent commodity trader based on its full-year 2012 revenue of \$93 billion. Revenue fell 6 percent to \$44.8 billion in the first half of 2013 as profit increased 4.4 percent to \$162.6 million, it said in September. Traders typically earn margins of 5 percent trading metals and minerals, compared to margins ranging between 0.5 percent and 1 percent trading a ton of oil, industry consultant Oliver Wyman said in a report last year.

Metals and some non-oil commodities such as liquefied natural gas offer better returns than crude and petroleum products because there are fewer players in these markets and a smaller percentage of total production is handled by trading firms, according to the report.

Vitol, the world's largest independent oil trader, began trading grains from Singapore and Geneva, the company said in April. Mercuria appointed Roger Jones, former head of

commodities at Barclays Plc, in November 2012 to lead non-oil trading team from Geneva.

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George H. Stein, CFA
Managing Director, Commodity Talent LLC
 349 Fifth Av., New York, NY 10016
 T +1 646 205-3557 M +1 917 545-9850
 E ghstein@commoditytalent.com
 Skype/Twitter: georgehstein
www.CommodityTalent.com