

Outlook for Traders is Mixed

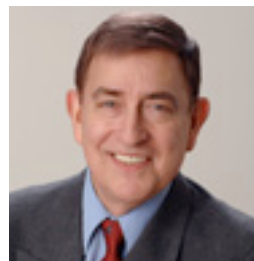
by Jonathan Berr, eFinancialCareers, August, 2012

There seem to be jobs available for traders, just not as many in Wall Street firms as in previous years because of the huge uncertainties surrounding the industry and the greater economy, according to recruiters who follow the market.

Wall Street firms have scaled back their proprietary trading operations, or as in the case of Citigroup, shut them down, because of regulatory uncertainty brought about by Dodd-Frank. Plus, traders are continuing to lose their jobs as part of the downturn in the financial services industry. Indeed, cutbacks at Bank of America led to the closure of its London commodities desk and the consolidation of its business in the U.S.

Not Entirely Bleak

The picture isn't entirely bleak as firms are still plenty ambitious when it comes to trading. As **Traders Magazine** recently noted, Deutsche Bank wants to be among the top five firms when it comes to U.S. equities and has "brought on new hires to spearhead the assault." The hiring activity, though, seems to be coming in spurts, and a fair bit of it is occurring outside the U.S. **BNY Melon Capital Markets** is expanding its mortgage securities trading desk. Pimco recently expanded its equity trading operations to Asia, and Citigroup said earlier this year that it was adding a commodities **trading desk in China**.



"Top trading talent across oil, metal and agriculture markets is migrating from Wall Street bulge brackets to hedge funds, mercantile companies and large

commodity brokers, in a reversal of a trend that saw Wall Street attract talent from lower-paying organizations," said George H. Stein, managing director of New York-based Commodity Talent LLC, an international executive search firm, in an interview. "The tougher regulatory environment including limits on prop trading, higher bank capitalization requirements and commodity position limits are fierce headwinds driving some of the best talent away from the large financial services firms. Rapid changes in U.S. energy markets across the board are creating opportunities for the best candidates, while physical commodities in Asia including base, industrial and precious metals, along with grains and oil are active areas where our clients are expanding," Stein said.

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Hedge Funds Offer Some Security for Traders

Some traders have been able to secure jobs at hedge funds and others have been able to convince backers to fund new ventures. For some, finding new roles may be difficult because the hedge fund industry is both small and highly selective when it comes to hiring. Recruiters advise job seekers to have realistic expectations.

Further clouding the picture, however, are concerns about the slowdown in the overall economy and whether that will depress demand for commodities. **Credit Suisse** on Thursday slashed its outlook for oil, precious metals and base metals for the year for that reason. But there is a bright side. Economic uncertainty makes seasoned traders more desirable since it leads to markets that are more difficult to trade.

Energy Market

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Though some laid off investment bankers are trying to find new homes on trading desks, recruiters advise candidates to proceed with caution given the vastly different skills that are demanded for each job.

Nonetheless, even with the headwinds affecting the market, the jobs for traders seem to be more secure than many on Wall Street, though given the current state of the economy, that is not saying much.

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