

Metals job Markets hit by Cutback , Downturn

## Metals Job Market Hit by Cuts, Prices, Regulation

(Bloomberg, October, 2014, excerpt) - Ben Green spent most of his professional life buying and selling copper and aluminum. His biggest trade came five months ago when he switched to music. When he's not helping artists such as dream-pop songstress Claudia Kane win recording contracts, Green is looking to return to the metals business after leaving Mercuria Energy Trading SA, where he was a managing partner.

The 39-year-old, who sits on two London Metal Exchange committees and says he's considered "part of the furniture" in the industry, left the firm at a time when dealers aren't making the money they used to.

Regulators have increased scrutiny and lawmakers have pressed banks to quit trading for their own accounts. Deutsche Bank AG, Credit Suisse Group AG and Barclays Plc have cut back on industrial-metals staff and JPMorgan Chase & Co. sold its physical commodities unit.

Traders attending LME Week starting Oct. 20 may consider the cocktail receptions more of a chance for job networking than conducting the usual deals. "Metals trading is going through challenges at the moment," Green said in a phone interview from his company's office outside of Dedham, England.

"It's going through its own revolution where essentially

**"It has become a buyer's market for talent," said [George Stein](#), managing director of New York-**

**based recruiting firm [Commodity Talent LLC](#).**



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regulation is pushing the business away from banks."

### Annual Pay

Annual pay for top metals traders at banks, including bonuses, dropped to as low as \$500,000 to \$700,000 from \$750,000 to \$1.5 million four years ago, when the very best earned \$3

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million, executive search company H.W. Anderson said.

Lack of price fluctuation means less profit for traders and their employers. The 60-day historical volatility for an index of the six main LME metals reached a 13-year low in February. Copper has dropped 11 percent this year to \$6,578 a metric ton. The LME, which accounts for more than 80 percent of the world's industrial-metal futures, handled 171.1 million futures and options contracts valued at \$14.6 trillion last year.

With the Dodd-Frank Wall Street Reform and Consumer Protection Act in 2010, U.S. lawmakers moved to curb risky trading and to restrict lenders from using their own capital to make bets on stocks, bonds and commodities. The European Union's regulatory arm set a requirement in 2012 for all over-the-counter derivatives transactions to be guaranteed through a central clearinghouse.

Raw-materials staff at the top 10 investment banks declined 22 percent to 1,802 as of June 30 from a year earlier, London-based Coalition said. That's the lowest since the analytics company began tracking headcount in 2008.

### **Buyer's Market**

"It has become a buyer's market for talent," said George Stein, managing director of New York-based recruiter Commodity Talent LLC. "Those without jobs find themselves unable to negotiate contracts and bonuses the way they could only a few years ago."

Green, after 17 years trading metals, five of them at Goldman Sachs Group Inc., has the luxury to pursue his passion while he waits for the right job offer.

Trading houses are snapping up the best talent as banks retreat from the industry. Geneva-based Mercuria lured former Goldman Sachs partner Magid Shenouda in 2014 as global head of trading. Noble Group hired Goldman Sachs metals traders in the past 18 months to buy and sell copper, zinc and lead. Cyprus-based Gunvor Group Ltd. opened a commodity-trading unit this year in the Shanghai free-trade zone.

### **Base Salaries**

Emerging-market banks are also stepping in. Sao Paulo-based Grupo BTG Pactual now has about 300 employees in its commodities business and may hire 50 more this year, Brazilian billionaire owner Andre Esteves said in an August

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interview.

The LME, the world's biggest metals marketplace, said this year several companies were interested in joining as members.

Base salaries, which fell 8.5 percent to 140,000 pounds (\$225,000) for director-level staff this year, will rise 3.6 percent in 2015, Emolument.com, a salary benchmarking website, forecasts. Bonuses will increase 41 percent to 130,000 pounds next year after dropping 37 percent in 2014, it estimates.

### **Asia Jobs**

Those committed to trading may have to take jobs in Asia where the market is gaining share. China, the biggest metals user, accounts for more than 40 percent of industrial-metals demand and 20 percent to 25 percent of the LME trading volume, according to the exchange.

"I do love commodities markets," Green said. "It's in my blood, and there is nothing more interesting than that. It might be that opportunities for myself could be in Hong Kong and Singapore, and even Shanghai. It's a big thing to move out, but for the right opportunity, I think you'd be mad not to."

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