Introduction

Welcome to the Commodity Search Partners quarterly review of the EMEA energy and commodity markets. By taking an active role in assisting businesses identify and hire upper quartile individuals, Commodity Search Partners aim to ensure our client base remains informed on hiring trends, market moves and key topics.

In this market update we’ll be discussing the external influences which are affecting the ebb and flow of human capital within our areas of market expertise. As expected, European politics continues to feature significantly. With 2017 witnessing a politically tumultuous start due to the UK General Election and continuation of Brexit negotiations, talent based in Continental Europe has become increasingly cautious regarding relocation to London and are seeking assurances from employers about their mid to long term strategy. Until clarity has been received on the outcome of the negotiations, we advise employers to remain prepared to factor these concerns into the commercial negotiations to avoid creating a static market.

This quarter we also provide insight into interest surrounding Blockchain and its future use within commodities. Should your interest in understanding market conditions extend beyond Europe, please click here for information regarding our AsiaPac and Americas market updates. On a personal note I would like to thank you for taking the time to read this update and would welcome any expressed interest in our service offering.

Best regards

Stuart MacSween
Director, EMEA
Making blockchain a reality in Commodities

by Rick Lee, Head of Technology, London

Before we can expect to see the use of blockchain technology taking off in commodities, and starting to transform the way that business takes place, we must undergo the pilot phase. Financial institutions have been piloting blockchain applications for around two years now, and the exciting news is that a number of pilots have got underway in commodities in the last six to eight months. That means it is likely that we will see things being put into practice within the next year, as the pilots move to the phase of onboarding regulators with a product that works, and moving in to a real-world environment.

There are two exciting pilots going on that show the potential, the first involving two European oil majors and Canadian start-up BTL. The aim of the pilot is to achieve trade-matching software that can pair up the buyer and seller algorithms, and it has already proven successful in the pilot phase. The challenge now is to address security implications in the blockchain; how relevant data will be shared between parties; and at what stage of the deal life cycle they will release the information.

A second pilot is being run by Talistix, with the aim of building a complete backend blockchain portal, such that customers can register their details on the portal and it can then be used to access the ledger for oil majors, for example. Ideally, they hope to create a ledger with all the oil majors on their portal - to give you an idea of the ‘value add’, BP has over 14,000 trade-recognised partners. That list is security checked and changed weekly. Blockchain can create a more secure environment for BP and its partners, requiring less surveillance and protecting BP against fraudulent activity.

The exciting thing is that these pilots are being driven by the business rather than the technology, with major corporates appreciating the applications and prepared to invest in how the theory is applied. At the same time, 10 energy companies have set up a not-for-profit foundation, Energy Web, to focus on extending the use of blockchain technologies in the energy sector as well.

But there is still much work to be done. The role of regulators and the ability for market participants to meet compliance obligations will need to be examined in careful detail, and in some cases regulation may need to evolve in alignment with new ways of working.

The issue of anonymity and payments will also need to be addressed, as will the ultimate link between the digital conveyance of value over the blockchain and the actual conveyance of value through an acceptable means of payment (i.e. currency).

There are also obvious cybersecurity concerns that need to be tackled, and more specific challenges around what the operations model will look like for start-ups in this space – will they look to sell licence fees, for example? If the technology takes off, how long will it be before firms like ICE buy the software and incorporate it into their own offerings as they have in the past. And with blockchain offering greater price transparency, how will benchmarking firms like Argus Media and Platts respond?

There may well still be a long way to go to take blockchain from theory to reality, and certainly regulators and cybersecurity challenges have the potential to derail many of the potential breakthroughs. But if this does take off, we could witness a complete redesign of trading processes across all commodity trading firms in the not-too-distant future, and that will have massive implications for the staffing requirements of all concerned.
Finance

Commodity Financing continues to be a significant talking point. Liquidity is the lifeblood of any commodity trading business and the size and scope of its availability will have a significant impact on a trader's ability to make a profit. We have seen a number of traditional financing banks pull back from financing the commodities markets due to increased regulations and reduced profit margins. As such, the banks are prioritising their lending efforts to the larger traders at the expense of the smaller traders and producers. In short, this has created an opportunity for larger traders to fill the void left by the banks in addition to the rise of non-bank financiers. Traders continue to be interested in experienced and well-connected structured finance individuals who can work alongside the commercial teams in order to secure product off-take.

As we look towards the U.S to understand what adjustments President Trump will make to the Dodd-Franck Act, we expect businesses to be ready to react to the changing landscape which could potentially see a reshape of banking involvement with physical commodities. You can assume this will require businesses to act strategically with key acquisitions of skill-sets that enable them to navigate through this anticipated change confidently.

Risk

Increasingly we are witnessing interest from candidates who desire a move away from Investment Banking and into Commodities. This largely appears to be led by a general dissatisfaction with bonuses and significantly increased regulation within banking, whilst the opinion of commodities businesses remains high due to perceived levels of freedom and visibility within front office. Whilst talent pools in London are under pressure due to uncertainties around Brexit, there is increased demand for candidates with quantitative skill sets with who possess comprehensive knowledge of physical trading. The paucity of candidates with this blend of experience is encouraging businesses to improve their effectiveness at retaining talent, whilst those who have hiring requirements will undoubtedly need to counter that trend with increasingly competitive salaries and benefits.

As risk functions evolve, the appetite for commercially minded senior risk professionals continues, particularly those who are able to act as a business partner to commercial functions and assist in framing a range of solutions for the front office.
Technology

As confidence in commodities markets continues to improve, we are noticing a number of major merchants focusing on building out and strengthening their own in-house technical teams. This counters a previous trend of outsourced functions which surfaced during periods of financial constraint, in fact, we have been in a discussion with a number of firms who are now reversing this strategy as the benefits of in-house are recognised.

Development mandates have dominated hiring requirements this year. We assess this to be, in part, due to businesses looking internally to their IT Infrastructure to enhance their platforms and continuously improve service delivery. The most popular programming languages we have seen requested this year are; SQL, JAVA, Javascript, C# and Python.

Attracting talent with the requisite experience can prove to be challenging, these markets are historically dominated by contractors which is counter to the long-term objectives of hiring businesses. This can often mean that permanent searches are often drawn out and expensive, high proportions of non-contract senior developers who prioritise working complex, and mainly Greenfield projects, come at a considerable cost and are always in high demand.

Legal & Compliance

Legal

Two key trends have developed. With the age of large complex teams appearing to be over, it is becoming increasingly common that Legal Counsels are required to be more hands on, irrespective of how experienced they may be. We also recognise the growing tendency to utilise in-house resources to reduce dependence on external counsel. Hiring is generally led by how well the market is performing, and this is often demonstrated when we observe businesses launching new products or desks, followed by a requirement to increase functional hires to support these commercial ventures.

Compliance

With the 2008 financial crisis so intrinsically linked to the conduct in the derivatives market, there have been collaborative international efforts since to address this. The bulk of this stems from the G20 rulings and we have seen a swathe of regulation coming from both sides of the Atlantic since. Since the original MiFID there has been an increasing demand by energy & commodity traders to hire compliance staff, who are vastly lacking behind their counterparts in financial services. The delay in the commodities sector in hiring compliance staff has led to there being a paucity of compliance talent who have commodities experience. Traditionally the solution to this has been to hire individuals from a futures & options background, however the increasing sophistication of regulation requires compliance officers to understand the trading strategies being employed, and to also understand the market dynamics of the underlying physical product. Demand certainly outstrips supply, which has resultd in an inflation of salaries that does not correlate to their peers in financial markets such as equities or fixed income.
Gas, Power & LNG, Trading & Analysis

**LNG**
With the US increasing its presence in exporting LNG, European prices are becoming increasingly influenced by global rather than local demand shifts. The amount of LNG set to be exported from the US is only set to rise which will likely create a well documented supply glut. The likely destination for most of this gas is ultimately Europe. We expect to see a surge for traders and analysts who understand gas as a globalised commodity, naturally this interest will have implications on available talent as prospective employers compete to attract the best possible options.

**Decentralised energy**
The old model of centralised generation is due to change owing to digitalization (Blockchain) and commercialization of domestic batteries threatening the most disruption. Traditional utilities are all seeking to invest in companies and technology that ensure they will be at the forefront of the energy revolution. For example, investing in CHP (Combined Heat and Power Units) that act as both a boiler and a generator in people’s homes. Utilities will look to either lease or sell these units. In the long run, they may hope to own enough that they could act as an aggregator of distributed renewable energy sources and sell this back into the grid. As we witness cycles of investment into areas of change, we expect to see businesses strengthening their capability by increasing headcount, or bolstering already established distributed energy functions.

Trading – Coal, Freight, Metals

Whilst projections for 2017 remain positive, the outlook for certain sectors, such as manufacturing, remain challenging. The flexing of political muscle between the US and Russia continues, with the Trump administration renewing trade sanctions designed to maintain pressure on Russia working towards a series of diplomatic solutions. Naturally this has encouraged US and European businesses to consider their strategies, ensuring appropriate measures are in place to support their interests in the region. Whilst sanctions remain a concern, improved performance of markets such as precious metals mean we expect hiring processes for top talent to remain challenging. Continued demand for experienced Base Metals traders with consistent PnL’s, has resulted in businesses becoming increasingly aware of the need for a comprehensive approach to succession planning.
Recent market moves

- Nicolas Tjandramaga, formerly Head of Global Derivatives at BP is set to join TOTSA later this year where he will lead the global oil derivatives business based in Geneva.
- David Houten, Managing Director EMEA and Head of Oil Trading in London at Noble Group has left the business.
- Will Thornton, Senior Oil Derivatives Trader at Petrochina, has re-joined EDF Trading as Head of Oil Flow Trading.
- Dubai based Middle Distillates Trader Assad Ibrahim has departed Socar Trading.
- David Channer has joined EDFT
- Mike Condick has joined Millennium from Centrica
- Dan Guertin has joined Millennium from Centrica
- Aaron Lally has left Glencore
- Thomas Robin – joined Dong from Gazprom
- Kiru Rajasinghah, Head of EMEA oil trading at Citi, has taken over management of the bank’s European power & gas trading business. March
- Jon Yarrow – Has moved from Goldmans Sachs to CCI.
- Jeremy Taylor, Goldman Sachs’ co-head of commodities trading, is set to relocate from New York to London, where he will lead the bank’s EMEA commodities business.
- Pierre Arzounian has joined Alpiq as a weather and energy trader
- Rabi Tazih has left Centrica
- Damian Robinson, Vice President Risk Management, Middle Office and Planning & Control at Eni Trading & Shipping in London, is moving internally with the ENI business to Houston.
- Panos Boutsis, AVP Market Risk at HSBC to Market Risk Analyst at Cheniere
- Rajdeep Bharaj, Senior Market Risk Analyst at Eni Trading and Shipping to Gas and Power Middle Officer at Mercuria
- Ryan Hill, Product Controller at Gazprom to Product Control Business Analyst at JP Morgan
- Marco Verduci, Senior Quantitative Structurer and Modeller at RWE Npower to Quant Risk Analyst at Centrica
- Matthew Rudkin joined Cronimet, as Metals Trader
- Matthew Reid joined Levmet as Proprietary Metals Trader from Marex
- Steven Dong joined BOCI as Director, Base Metals from INTL FC Stone
• Clara Whatton is now Crude Oil Freight Trader at Shell Trading, where she was previously Energy Derivatives Sales
• Cornelius Janssen is now Freight Trader at ED&F Man, where he was previously a Ship Broker
• Gina Myung has moved internally with Trafigura Singapore, where she is now based in Geneva as a Refined Metals Trader
• Andrea Tumbarello is Senior Coal Trader at Enel having moved from Bulk Trading SA.
• Christopher Weber has joined Freepoint as VP, Bulk Ocean Freight Trader from Export Trading Group
• Alexandros Georgiadis has joined ENGIE as a Freight Trader from Exmar
• Mark Muston has transferred internally with Citi to be based in Singapore as Iron Ore and Metals Trader.
• Sergei Plakida has joined Bluequest Resources as a Metals Trader from Trafigura
• Khristina Cherekchidi has joined Sberbank Switzerland as a Precious Metals Trader from VTB
• Alex Abbotson, Compliance Officer at STASCO in London, joins World Fuel Services as Compliance Director, EMEA
• Daniel Lamazza, Senior Trader at Bunge in Geneva, joins Larry Greenhall’s fund Avere in Miami
• Evangelos Fanis, Derivatives Trader at Olam Risk Management, joins STASCO as a Structured Options Trader
• Martin Abbot, former Chief Executive of the LME, is launching an electronic trading platform, NFEx, with Mike Greenacre of Autilla (formerly ICAP), Jim Coupland of Standard Bank, Mark Bradley of Mercuria and Nigel Owens, formerly at the LME.
• Jeremy Lock – Trading CIO – EDF Trading – Announced his resignation. Destination to be confirmed.
• Tristan Sheppard – promoted to Head of Architecture and Innovation – Total
• Natixis hires commodities specialist Marc Mourre as Senior Adviser to expand the bank’s client relationships.
• Rabih Tazi, Gas Trader at Centrica, has left to join Vitol in August.
• Andrew Green, Head of Base Metals at SocGen, has left to join TD Securities.
• Kevin Hazell, former Director Oil & LPG Trading at Gazprom Marketing & Trading has joined Reliance Global Energy Services Ltd as CEO.
• Goldman Sachs has secured Steve Baker from Castleton Commodities International. At CCI Baker was responsible for trading oil distillate derivatives and joined the merchant from Morgan Stanley following the 2015 purchase.
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Introduction

Welcome to our quarter two Americas market review. We have seen a lot of activity across the North American commodity markets in the second quarter; highlighted by a number of high profile acquisitions and team moves. In this edition, we will discuss the impact that the market trends and conditions have had on the movement of talent across the specific product groups.

As global inventory and supply continue to remain high despite Opec extending output cuts, oil prices once again ended the month on a low. The hope is that a hot July will finally see surplus inventory subside. July is typically a large month for draw-downs averaging inventory drops of 2.9 million barrels per week over the past few years. Should inventory not fall by much, it will be likely that we will once again see a bearish outlook on the market. This market sentiment has been partially responsible for the minimal amount of movement within the market over the course of the past few months, with only a handful of significant departures from a select few trading houses and hedge funds.

In power, movements have been generally restricted to Northeast speculative trading. Many merchants, funds and banks that are still hoping to capture opportunity in the power markets find the most liquidity in the Northeast and some of the highest PnL earners focused on PJM, NYISO and NEPOOL. The banks in particular have been attracting Northeast power traders from merchants. FTRs remain relatively neutral. That said, in the past 6-8 months there has been an increase in new transmission-focused firms coming online and strong speculative FTR traders have been transitioning from merchants and IPPs to small hedge funds and proprietary trading shops. In the gas markets; merchants have been increasingly interested in Northeast and Midcon Natural Gas Basis. NYMEX and options trading continues to be a driving force behind top performing teams, however there has been less movement amongst those individuals.

Across the softs and agricultural markets, there has been consolidations with bearish bets from speculators. Coming into the summer season, grain crop prices have boosted and agriculture price forecasters seem to be more upbeat. Merchants who have been diversifying their energy businesses into softs and agriculture have a greater opportunity to attract top talent from agriculture specific merchants who have left, been made redundant or want to trade on a more robust platform. Over the past three months we have seen a number of senior heads leaving or retiring from global agricultural trading merchants as consolidation continues.

Thanks for reading.

Brad Knox, Managing Director, Americas
Why Commodities traders are heading to the trading houses

By Laura Berger, Principal Consultant, Oil & Products, Commodity Search Partners

In the last 18 months, nearly all the top tier banks in New York have lost at least a few of their senior commodity traders, as the flood of talent out of the major financial institutions continues unabated. A significant issue for the banks in 2016, many hoped the tides would turn this year, but the exodus continues and has the potential to have a real impact on the trading landscape.

There are two principal reasons why talented commodities traders are leaving the banks: regulations, and pay. The increased regulations that the banks have been subject to in the wake of the financial crisis have significantly clipped the wings of the most entrepreneurial traders, who no longer have the flexibility they once did. The impact of the Dodd-Frank Act, and specifically within it the Volcker Rule, passed by the Obama administration in 2010 has changed the face of commodity trading as we once knew it.

The Volcker Rule restricts US banks from making certain kinds of speculative investments that do not benefit their customers, by essentially banning proprietary trading, albeit with one or two exceptions. That has left many commodities traders sitting on their hands, or certainly not enjoying the liberty that they once had, and suddenly the trading houses and hedge funds look like much more attractive and exciting places to work.

But while the ‘push’ factors away from the banks are perhaps obvious, how have the trading merchants managed to ‘pull’ this talent in? The answer lies in the large physical activity that they have taking place, which commodities traders are able to leverage. These houses also have, typically, much more infrastructure in place to support their traders, and offer stronger platforms to trade on.

The pay differential that used to work in favor of the banks has been whittled away. Historically, the banks were able to provide higher base salaries as well as bonus structures competitive to those of the trading merchants. Today, the larger financial institutions still pay well – perhaps up to 10% of a trader’s P&L – but between a third and a half of that pay is going to be deferred, and likely come as a discretionary bonus. The big trading merchants can typically pay more of the salary in cash, and while in many cases still discretionary, it is based more so on a target percentage of book. As for the hedge funds, they’ve always been able to make a compelling argument on the compensation side offering up to 20% of book at certain firms.

There is no sign of the banks changing their compensation structures, and so the trading houses continue to successfully build out their talent. But a word of caution – trading houses hiring from banks need to be mindful that the P&L being generated by a candidate is proprietary rather than flow. If a candidate’s book is too orientated towards flow, they will struggle to continue generating revenues in a new environment, not least because the trading shops and fund don’t have the flow business to replicate what a trader might have been used to in a bank.

Both hedge funds and trading merchants are proving highly attractive destinations for bank-based commodity traders, and we see no signs of that changing. Unless President Trump makes good on his plans to roll back the Dodd-Frank Act, or the banks significantly reform their compensation structures, it looks like we are witnessing a wholesale shift in the way the commodity trading market operates.
Recent market moves

Oil

• Bryndon Kline has resigned from BP in Chicago to join Balyasny Asset Management
• Several individuals have left Noble Group in Houston. Among those are Steven Hollerbach, Managing Director – Oil Liquids, Mathew Tunney, an oil options trader and Michael Paradise, a crude trader.
• Will Xia, a brent crude analyst at Citadel in Chicago, has joined CCI in Stamford.

Agriculture

• Amanda Bittner- Left Informa Economics to join Louis Dreyfus Company as a Grain Research Analyst
• Larry Greenhall- Leaves fund where he was running the agriculture trading book
• Steve Campbell- The head of grain trading retires from Louis Dreyfus in North America
• John King- The Head of U.S Cotton Trading at COFCO Agri leaves to seek other opportunities
• Jake Beaverson- Moves away from Engelhart to join a commodity fund

Gas And Power

• Steve Frost, a Natural Gas Basis Trader, has resigned from Millennium and will be rejoining Engelhart Commodities Trading Partners.
• Lance Halgren has left e360 Power and will be setting up an energy commodities hedge fund.
• Randall Posejpal, who most recently worked with the funds Azure Peak and Whiteside, is joining Mercuria.
• Paul Janish, a senior meteorologist, has recently left Mercuria and rejoined JP Morgan in Houston.
A number of commercial individuals have left Noble Group’s Gas & Power business as a product of company-wide restructuring. Those leaving are said to include Hunter Stewart, head ERCOT trader; Rich Manganiello, a NYMEX natural gas trader; Jason Cali, a meteorologist; Lee Bernhoft, a Gulf Coast gas trader; and Ray Wang, a short-term PJM trader.

Charlie Weldon, Randi McConn, and Kyle Revere have left Koch Energy Services and will be joining Vitol in Houston. Weldon focuses on financial natural gas trading while McConn and Revere cover physical Texas and Midcontinent natural gas, respectively.

Alex Groen, who recently departed Millennium Management along with Adam Lewis and Jim Ott, is joining Mercuria to trade West and Midcon natural gas basins.

Eric Watts, formerly with Twin Eagle in Houston, has joined Talen Energy as the SVP of Commercial & Marketing. Watts replaces Bob Nye, who led commercial operations at Talen.

Jay Rubenstein has been promoted to Head of North American Gas & Power at Morgan Stanley. The bank also named Alex Tolstykh and Kow Atta-Mensah as Co-Heads of Origination & Structuring. Nitin Kindal has been promoted from Head of East Power to Head of Power Trading.

Kellen Hayes, Mario Cano and Jeremy Swancoat have resigned from Citi in Houston. Hayes has joined Mercuria to trade natural gas options and Swancoat has joined Sierentz Global Merchants to lead natural gas fundamentals.

Santiago Marinez-Govela has resigned from Morgan Stanley to join Mercuria in Greenwich, CT. His focus with the bank as well as with the merchant is on North American Gas & Power Origination.

Goldman Sachs has hired Arsh Vakil, a former Northeast power trader from Engelhart. He will be joining Goldman as VP of Power Trading.

Mark Sickafoose, the head of Vitol’s west power trading desk in Houston, has retired.

Adam Lewis, a former natural gas market maker at Millennium Management in Houston, has joined Vitol. Jim Ott will continue to work with Lewis and has joined Vitol to cover natural gas analytics.

Hartree Partners has hired Rafael Martinez to establish the merchant’s west natural gas desk. Prior to joining Hartree, Martinez led west origination with Sequent Energy Management.

Eric Kimmel and Todd Speiser have left EDF Trading in Houston. Kimmel traded FTRs on the Nodal team and Speiser traded options on the gas & power team.

E.ON Climate & Renewables North America has hired Tom Noelle, a former Dynegy originator.

Kristy Molina has joined Engie Energy Marketing in Houston to trade Northeast natural gas. She was most recently with Repsol in the Woodlands.

Robert Forgrave, President of Americas at EDFT Trading in Houston has left the business. Jeff Johnson, an advisor to the business, has been appointed Interim President.

Yvonne Handler, Executive Director of Commodity Sales at Morgan Stanley has left to join Mercuria as Managing Director, Origination.

John Haynes, a West focused Natural Gas Trader at Freepoint Commodities has left to join Citi.

Andre Hasou, a Northeast focused Natural Gas Trader at Petrochina has left to join EDF Trading.
Legal & Compliance:

- Steven Bunkin left Goldman Sachs and joined Castleton Commodities International as their General Counsel
- Howard A. Law left Gerald Metals and joined Castleton Commodities International as a VP, Counsel
- Simona Patru left NextEra Energy Resources and joined Freepoint Commodities as a legal counsel in Houston
- Emmanuel Eloundou left BG Group and joined PetroChina International (America), Inc. as the Lead Commercial Counsel
- Elizabeth Crawford left Constellation Energy Partners LLC and joined Extarren
- Roger TanCreti left Vitol to Socar as their Head of Compliance for North America

Finance, Risk & IT:

- Sidley Austin LLP: Emily Pitlick Mallen has joined Sidley Austin LLP as a partner in its Washington, DC, office and member of its energy practice.
- Western Refining Inc., an El Paso, Texas, crude-oil-refining company, appointed Steven Sterin as executive vice president and chief financial officer.
- Andrew Good left Mercuria to join Kindle Energy (a Blackstone invested company) to be their Chief Financial Officer
- Kevin Chase joined San Diego-based Sempra Energy as chief information officer Monday
- Ammar Ansari left Unipec to join Gunvor as their Head of Risk in Houston
Introduction

Welcome to our Summer 2017 Asia market review. The first 6 months of the year have been extremely busy for the team as we continue to partner our clients as they grow existing teams, seek to access new markets and benchmark compensation packages against their competitors.

Oil continues to be very active for the team at Commodity Search Partners with three out of the world’s four biggest oil consuming countries located in Asia. Whilst supply continues to exceed demand, OPEC’s decision to extend production cuts has refiners in the region nervous about a future tightening of the supply-demand fundamentals. The trend for the team at CSP continues to be international trading houses seeking access to the Chinese markets through individuals with existing relationships with the refineries.

Following on from Alex Lee’s article on LNG, we have seen LNG move closer to becoming an openly traded commodity in its own right moving towards a more active spot market. We are in conversation with our clients as they look to structure their businesses to take full advantage of this opportunity and in Q2 2017 undertook a comprehensive competitor review for an Asian trading house.

Over recent years, the Agricultural markets in Asia have been extremely busy however we have seen a 15% decline in mandates which we put down to continued depressed agricultural prices caused by bumper harvests combined with high costs associated with their supply chains. Funds continue to hire in to the agricultural space, even those who have historically been energy centric firms. However there is optimism in the market that conditions will improve and enable the traditional agricultural supply chain firms to increase profits for 2018.

We have seen an increase in the legal mandates we have undertaken in the first 6 months. Notably, demand has been with physical trading houses looking to hired dedicated financing lawyers in order to assist Structured Trade Finance transactions. Traditionally the trading houses have contracted legal resources from private practice. As transactions have become more complicated, the need to bring the specialised financing skills in-house has emerged.

Risk management, particularly market risk management has been another hot topic for our team. Later in our review, Dawn Gulanes discusses some of the challenges and opportunities facing the market.

If your interest goes beyond AsiaPac, click here to read our Americas or EMEA market reviews.

Thanks for reading.

Katie Tu, Managing Consultant, Singapore
Market Moves

Commercial

- Eu Ming Lim joined Trafigura as Fuel Trader from Glencore
- Jason Balota has left Shell to join Vitol as a Middle Distillates Trader
- William Ganda Handria has joined Winson Oil. He was previously a Middle Distillates trading manager at Vitol
- Leandro Passos joined Freepoint Commodities as Fuel Trader from Petrobras
- Patrick Leung joined Occidental Petroleum as Senior Oil Trader from Chevron
- Nicolas Tjandramaga rejoined TOTSA as Head of Global Oil Derivatives Trading from BP
- Sebastien Kahmann joined Gunvor as Fuel Trader from LITASCO
- Ian Phua has left Astra Oil Trading Energy
- Said Thong Chu joined Sahara Energy as Head of Trading from Kernel Oil
- Qing Hong Lai joined Pavillion Energy as an LNG Trader from Trafigura
- Koon Wong Lee joined ANZ as Head of Commodity Sales Greater China from Standard Chartered
- Nancy Seah left her position as Co-Head of Asia-Pacific Commodity Sales at Goldman Sachs
- Carlos Deluzuriaga joined CCI as CFO for Singapore from Standard Chartered
- Tom Qiu has left Glencore where he was an Iron Ore Trader
- Chuck Grimm, formerly a Fuel Oil Trader at Castleton Commodities International, will be joining Phillips 66

Risk Management

- Kevin Wee joined AMPOL as Middle Officer from Trafigura
- Daniel Lim joined Avra Commodities as Risk Manager from Cargill
- Cindy Chong joined Mitsubishi RTM as the Risk Manager from Statoil
- Rosy Lim joined Barry Callebaut as Risk Management from Statoil
- Vivien Ong joined Wilmar Trader as Risk Management from Statoil
- Jonathan Hirst left AMPOL as Treasury Manager
- Siang Leng joined BHP Billiton as Market Risk from AMPOL
- Jonathan Lam joined SOCAR Trading as Middle Office from BHP Billiton
- Kathy Lin joined Mercuria as Middle Office from Kyen Resources
- Adelina Rusli joined Orogen as Risk Analyst from Avra Commodities
- Alvin Ang joined Saudi Aramco in Dubai, previously Risk Manager at METS
- Theng Yee Tan joined Enerfo as Risk Manager from Cargill

Trade Finance

- Bran Yang joined Trafigura as Oil Trade Finance from BNP
- Nikita Zhu joined Clearsource Commodities as Trade Finance Officer from Kyen Resources
- Elaine Soh joined BB Energy as Trade Finance Officer from BNP
- Beebee Woon joined Freepoint Commodities as Oil Trade Finance from Mercuria
- Helen Wang joined Viant Commodities as Trade Finance Officer from Glencore
- Sherlyn Chua joined Viant Commodities as Trade Finance Officer from Gerald Group
- Liqiang Hong joined Integra as Trade Finance Officer from BNP
Market risk moves up the agenda in Asia

By Dawn Gulanes, Executive Search, Commodities, Singapore Commodity Search Partners

Over the last 12 months, Asia has seen a significant increase in demand for experienced commodities risk professionals. While historically, for small to mid-sized physical trading firms, a fully developed risk management department has not been an area of priority, the market has started to shift. The norm has been to opt for having one to two executives responsible for basic PNL and risk reporting, but firms have now realized the importance of having risk policies and frameworks in place to ensure their success.

To be able to identify opportunities ahead of competition, and to prevent or avoid major losses in such a small and competitive industry, many trading companies are now seeing the value of investing in risk specialists capable of developing sophisticated and business specific risk management structure.

Talent in demand
Recently, we have received an increasing number of queries in Asia for mid to senior-level professionals. Ideally with at least seven years of experience in physical commodities risk management, the talent coveted by forward-thinking employers is dynamic, and often required to juggle tasks such as:

- daily basic PNL and risk reporting;
- conducting high-level strategic reporting and analysis;
- leading process and systems development tailored to the firm’s business model;
- advising the commercial team on business decisions; and,
- training and mentoring graduate and/or junior level executives.
**Talent pool limitations**
The challenge in Asia is that risk management is not usually designed as an attractive long-term prospect, resulting in great demand but limited talent.

For example, many hiring companies have a flat structure, meaning progression is not easily visible. In other instances, the tasks of executives are highly specialised, critically restricting their exposure within risk and ultimately the broader business. And furthermore, the function has been by tradition sold to candidates as an essential stepping stone to moving to other functions such as operations, analytics and trading.

Such factors have created a shortage of qualified professionals. With these specialists well sought-after but rare, we see movements across commodities: from energy to agriculture, agriculture to metals/hard commodities, and metals to energy, as a short-term solution to talent shortage.

**Implications for hiring**
In the current environment, small to mid-size trading firms need to assess their internal needs for risk management. As these organizations consolidate their hiring strategies and budgets, multinationals will need more focus on retaining existing talent. The close competition amongst trading firms for risk experts will inspire a rise of exceptionally attractive compensation structures, with potential to exponentially elevate regional salary norms.

As the demand for these professionals steadily increases, and the need to stay ahead of the competition remains constant, hiring companies will need to be able to think forward and move quickly to draw in the right talent.

**Meet our team**

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