ANALYSIS-Banks welcome commods talent despite trading curbs

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* No let up in search for commods experts and star traders * Some banks even looking at physical commods trading

By Barani Krishnan

NEW YORK, Feb 9 (Reuters) - Wall Street banks have not let up on their search for star traders and other experts in commodities despite trading restrictions planned by the U.S. government and regulators. Some banks are even looking to expand into physical trading -- taking delivery and storing commodities such as grain, metals and crude oil -- if the U.S. government limits their ability to trade commodities futures.

While restrictions proposed by President Barack Obama "have introduced an element of uncertainty for the commodity desks on Wall Street, no one is taking their foot off the gas pedal in terms of hiring," said George Stein, managing director at New York's Commodity Talent.

Last month, Obama proposed a law that could bar banks from betting in financial markets with their own money. The practice, known as proprietary trading, was blamed for contributing to the financial crisis.

The Commodities Futures Trading Commission, which regulates U.S. futures market activity, in January unveiled a proposal to curb speculation in oil and gas markets. The proposals initially caused some consternation on Wall Street.

But banks have rethought their business models and are seeking people who can help them adapt. Goldman Sachs and Morgan Stanley already are physical crude oil traders, but commodity desks of other Wall Street banks mostly limit themselves to futures trading. Demand for commodities talent picked up in the third quarter of 2009 and has not let up.

Banks outside of the United States also have been expanding in commodities. France-based Credit Agricole Corporate and Investment, formerly known as Calyon, said on Monday it planned to boost its commodities headcount by about 80 percent this year and enter the European physical and gas markets.

Lawrence Baxter, professor of banking regulations at Duke University School of Law in North Carolina, said U.S. banks dragged their feet on filling some jobs, "but on the commodities and trading side, they have very delegated authority and decentralized decision-making. This explains why they are able to stay very opportunistic and nimble on the trading end," said Baxter, a former executive at Wachovia Bank.

But hiring in commodities has also become more strategic compared to the boom years of 2005 to 2007, when Wall Street pretty much wrote the rules for financial trading. U.S. banks were also wagering less of their own money now on commodities, compared to risks they took during the market peaks of 2008.

Even before his proposed ban on proprietary trading, Obama had been tussling with Wall Street over the huge pay checks for top executives and traders. Analysts said this had deterred some planning career moves. Goldman Sachs gave its chief executive and other top brass lower bonuses for 2009 than many expected, a sign that it was yielding to anger over bankers' compensation.

"People are more willing to move to the buy side of the market now (like hedge funds) as it's more difficult to make money on the sell side (such as banks) with what Obama is doing," said Gustavo Dolfino, senior manager at New York search consultancy Accretive Solutions.

(Editing by David Gregorio)