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Job Market Outlook—July 2009

This Year Is Different and Difficult

because of the credit crisis and economic downturn. It's been hit by at least a triple whammy.

First, firms are nervous about hiring because sales and trading volumes are down and demand and prices for electricity and gas has been reduced because of economics and weather. In fact, firms are cutting headcount to hoard cash.

Secondly, the credit crunch means that all firms are nervous about counterparties that they might normally trade plus banks (who have their own problems) have reduced credit to energy businesses in general.

Thirdly, the regulatory environment is uncertain---for banks that took TARP money and the uncertainties about climate change legislation is worrying the utilities and unregulated generators. One specific symptom: the emissions market is in the doldrums.

At the time this is being written, there appears to be some relief, but the causes of the job market travails won't begin to dissipate until 2010. But 2010 is only five months away, so you should be thinking about your strategy **today!**

After dozens of interviews with decision makers in the energy business, we believe that 2011 will be a strong hiring year, as credit and regulatory concerns begin to fade. 2010 is a transition year, with some firms stepping out to hire while others will remain cautious.

The key driver is credit. As credit loosens up or as companies learn to manage in the new credit-scarce environment, net new jobs will begin to be created.

What's Hot, What's Not?

Note: *the season of hiring is largely past for many jobs*, but some jobs remain. (See the article on the seasonal aspects of the energy job market on our site.) As usual, summer will be quiet, but the fall will see a pickup in some areas because of pent-up demand or new initiatives. It won't be big though.

Proprietary traders who can make money with modest amounts of capital are doing well, either in the remaining strong banks and unregulated traders or in the hedgefunds.

This is particularly true of power basis traders and FTR traders.

Fundamental Analysis jobs are available, though many are in consulting firms. The climate change legislation is creating great demand for scenario modeling of possible outcomes for carbon charges.

Experienced engineers who have bulk power system backgrounds (power systems and transmission) and who could work in various types of firms are in strong demand.

Wholesale originators are finding it tough to change jobs. The senior ones have jobs, but not many shops are hiring (with the exception of several firms, notably FPL/Nextera).

The same is true of structurers and front-office quants---the lack of credit is crimping long-dated deal flow, and that is diminishing the need for skills to support such deals.

The one bright spot on origination is the retail energy space. There are origination jobs for those experienced hands who can sell to various sizes of commercial and industrial firms. Those who understand power are particularly valuable in the Pennsylvania and Illinois markets, which are opening up.

Risk management is a mixed bag. There are some credit jobs, since credit is more important these days, but since transaction volumes are down across all trading, some firms are simply using the existing staff. Market risk is growing slightly, as some of the new market participants add a few people to staff.

Energy Trading and Risk Management System staff is still in demand provided that the individuals have good expertise in implementing one of the major systems. Project manager jobs for people who have only project management skills are declining.

What Does One Do In The Meantime

1-be patient if you have a job in which you can improve your skills. Wait until next year to move to a new company. Take an extension course or class in the local business school that might improve your skills. Get certified as a CFA, or FRM or PRM.

Don't try to start an entrepreneurial enterprise unless you've got the financing and have done something like that before.

2-If you're in a function where demand is higher and you are hearing about jobs from recruiters and networking contacts, determine if it advances your career, or is it just a short-term boost to your paycheck. If it doesn't advance your career or provide a new learning experience that is bankable in the future, you might want to wait.

3- Consider smaller employers where the comp might not be so high, but you can be valued, and build a career. Big companies have a way of expanding and shrinking quickly and jettisoning people who are terrific, but just in the wrong place. Big companies are not inherently stable, and it's hard to connect the economic reality with what happens to you and your job.

4-Spend time learning about companies in your space that seem to be doing well. Find out why, see if there is expansion in the wind.

5-Look at the vendors that support your industry. Check out software firms and consulting firms.

6- If you've lost your job, find short-term work as a contract employee or consultant. Companies that won't hire permanently are hiring consultants who will be fired as soon as the economy gets better. But, by then, the job market will be better.

7-Promote yourself, expand your network. Consider writing a white paper on a topic of importance to your company or business community.

Learning More

To talk to a Rockwood staff member or to get an answer to a specific question, send an email to resumes@rockwoodsearch.com .

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