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Hong Kong faces more elite banking job cuts, with Goldman Sachs axing about 100 posts

Wall Street bank to cut its 300-strong Asia team, with Hong Kong likely to take a big hit

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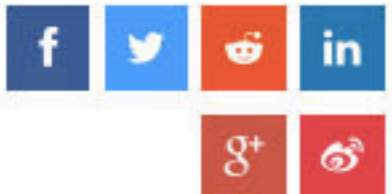
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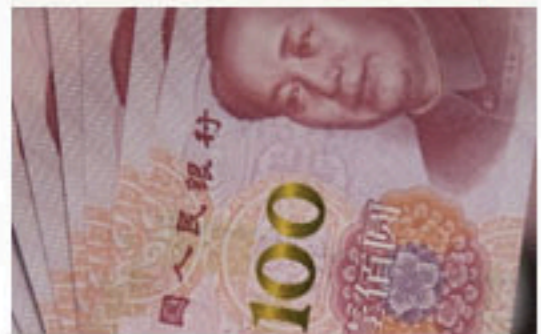


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More layoffs are expected among Hong Kong's elite foreign investment bankers, with Goldman Sachs reportedly setting the stage by axing nearly 30 per cent of investment banking jobs in Asia, minus Japan.

The city, which is home to the Wall Street giant's largest Asian investment banking arm, can expect more job cuts in the high-profile sector, analysts say.

New York-based Goldman, whose investment banking revenue fell 11 per cent to US\$1.79 billion in the second quarter, is reducing the number of bankers working on mergers and acquisitions, and equity and debt capital market deals, Reuters said, citing unnamed sources. The firm will be left with slightly more than 200 bankers across Asia.

Calls to Goldman Sachs' office in Hong Kong went unanswered yesterday.

Bitter battle

"Such a move indicates that Goldman is having a bearish outlook on its prospects in the region, particularly at a time when its mainland rivals are grabbing a bigger market share," said Benny Mau, chairman of the Hong Kong Securities Association.

Sources told the *Sunday Morning Post* it was understood internally that Goldman was likely to axe more jobs in its investment banking division in Hong Kong, following staff cuts earlier in its global markets division, but a specific time frame and the number of employees to be sacked were not known yet.

Goldman and other Western investment banks such as Morgan Stanley, which used to be dominant players in advising on initial public offering deals in Hong Kong, have been locked in a bitter battle for business against their mainland peers in recent years. Financial volatility and global economic headwinds have weighed upon their earnings, prompting multinational lenders to tighten their belts with a slew of cost-cutting measures.



More mainland firms seeking public listing in Hong Kong are hiring mainland investment banks, therefore their share of the pie is becoming smaller

JERRY CHANG

"It is not out of expectation, although I'm surprised to hear that they proposed to lay off such a big number of bankers," said Jerry Chang, managing director of headhunter Baron & Co.

Chang noted it has been a trend for Western investment banks to fire staff in Hong Kong, especially when they can no longer make as much money as they used to from their IPO deals.

"More mainland firms seeking public listing in Hong Kong are hiring mainland investment banks, therefore their share of the pie is becoming smaller," Chang said.

Goldman's total value of merger and acquisition deals across the Asia-Pacific region has dropped to \$572.9 billion so far this year, from \$745.7 billion in the same period of 2015, according to Thomson Reuters data.



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