

**HD** **LMEWEEK-LME week loses some lustre as belts tighten, focus shifts East**

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SYDNEY/LONDON Oct 20 (Reuters) - As metals executives fly into London for the industry's most glamorous week, its best years may be over as sinking metals prices and rising costs tear holes in budgets, and the industry epicentre heads east.

For decades, heavyweights in the metals business have met in London each October to hammer out the ensuing year's terms of trade, based around the London Metal Exchange (LME), a 137-year-old institution set up when the British Empire controlled much of the world's trade.

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It has grown into a glittering event. Brokerages and banks hire out London's most exclusive nightspots, packing out Mayfair hotels for a stream of parties around Tuesday's gala dinner at the Grosvenor Hotel.

But as buying power moves to Asia - underlined by **Hong Kong** Exchanges & Clearing Ltd's **purchase** of the LME two years ago - this year's event looks more austere with some parties cancelled or downscaled, and talk among participants that total numbers may be lower.

"I suspect numbers in London will have peaked last year or will peak this year," said Jeremy Goldwyn, a director in charge of Asian business for commodities broker Sucden, one of 10 firms which still trade on the LME floor, Europe's last open outcry ring.

In some ways the week is a victim of its own success. To grow its brand, the LME began holding a dinner in Asia in three years ago. The event attracted 1,500 guests this year, up 70 percent from 2013.

Competition is also coming from Shanghai's CESCO **copper** week in late November, hosted by the Shanghai Futures Exchange and the Chile-based Center for **Copper** and **Mining** Studies, which will hold its third event this year.

"Some will need to be in London for physical terms discussions. Some just like the prestige and some the shopping. But many will say, why go to the effort and expense if we can take more people to **Hong Kong** and still see clients at CESCO?" said Goldwyn.

Organisers expect around 2,000 people to attend the invitation-only LME dinner, in line with last year.

"We know that there are numbers of people not coming to London because they're going instead to LME Week Asia," said Robin Bhar, an analyst at Societe Generale in London. "It is of no great surprise as Asia is now the centre of gravity of the metals world."

The LME said the London event continues to be successful, with the Asian event targetted at a more Asia-focussed audience.

"While there is some overlap between LME Week and LME Week Asia, we believe that they complement rather than compete with each other," said LME spokeswoman Miriam Heywood.

**NO MONEY?**

Just a few years ago, metals were the hottest pick for investors, who piled into hard assets and helped to push **copper** prices to a record above \$10,000 a tonne in February 2011.

Now, **copper** has deflated to \$6,600 with other metals mired near the cost of production. Brokers have to cope with rising regulatory costs and a hike in fees from 2015 as HKEx looks to recoup its \$2.2 **billion purchase**.

Banks such as Barclays and Deutsche Bank have deserted the asset class and margin pressure on brokerages suggests there may be more casualties - at least from the West.

But where the banks have pulled back, other with funds and a lower regulatory burden, such as trade houses, have expanded.

"In terms of talks.. it does feel like the LME is a bit more preliminary - setting out some feelers, and then deals are struck later," said a source at a Singapore trading house in Singapore who declined to be identified because of **company** policy.

"In a way they can both be big. We will just have to party more." (Reporting by Melanie Burton; Editing by Richard Pullin)

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