

## Most shorted ahead of earnings

Friday, November 4<sup>th</sup> 2016

### A look at how short sellers are positioning themselves in companies announcing earnings in the coming week

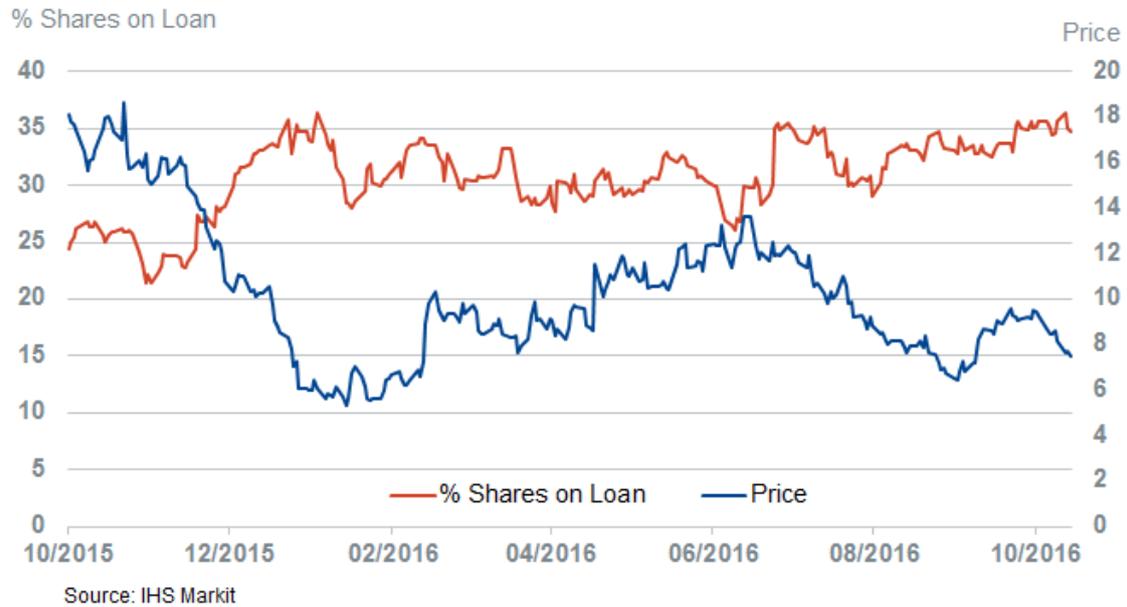
- Biotech key focus of short sellers this week
- K&S tops the list of European short targets as potash woes continue
- Noble Group sees a large jump in short interest in last month

#### North America

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Atwood Oceanics Inc	Energy Equipment & Services	ATW	11/11/2016	35.1	4%
Merrimack Pharmaceuticals Inc	Biotechnology	MACK	11/9/2016	31.6	27%
Lgi Homes Inc	Household Durables	LGIH	11/8/2016	30.7	14%
Dynavax Technologies Corp	Biotechnology	DVAX	11/10/2016	27.0	57%
Eagle Pharmaceuticals Inc	Biotechnology	EGRX	11/9/2016	25.5	-2%
Novavax Inc	Biotechnology	NVAX	11/9/2016	24.9	-11%
Encore Capital Group Inc	Consumer Finance	ECPG	11/9/2016	24.2	-20%
Nexstar Broadcasting Group Inc	Media	NXST	11/8/2016	23.8	-1%
Kite Pharma Inc	Biotechnology	KITE	11/9/2016	23.5	17%
Forestar Group Inc	Real Estate Management & Development	FOR	11/8/2016	22.7	3%
Ebix Inc	Software	EBIX	11/9/2016	22.5	-61%
Keryx Biopharmaceuticals Inc	Biotechnology	KERX	11/9/2016	21.6	-6%
Boardwalk Real Estate Investment	Equity Real Estate Investment Trusts (REITs)	BEI.UN	11/10/2016	21.6	0%
Primerica Inc	Insurance	PRI	11/9/2016	21.1	1%
Harmonic Inc	Communications Equipment	HLIT	11/9/2016	19.8	-1%
Acadia Pharmaceuticals Inc	Biotechnology	ACAD	11/7/2016	19.7	6%
J C Penney Company Inc	Multiline Retail	JCP	11/11/2016	19.0	8%
Omeros Corp	Pharmaceuticals	OMER	11/7/2016	18.8	29%
Zeltiq Aesthetics Inc	Health Care Equipment & Supplies	ZLTQ	11/9/2016	18.7	4%
Halcon Resources Corp	Oil, Gas & Consumable Fuels	HK	11/9/2016	18.5	215%

Offshore drilling rig operator Atwood Oceanics sees itself as the most shorted company announcing earnings next week, with 35% of its shares now out on loan to short sellers. While energy shares have seen some sharp covering in recent months, as oil prices have stabilised from their lows, Atwood shares have continued to linger in the doldrums. Short sellers have continued to target Atwood as analysts forecast a sharp downturn in revenues as its ongoing contracts roll off.

## Atwood Oceanics Inc



The second most shorted company in this week's lot, Merrimack Pharmaceuticals, comes courtesy of the biotech sector, the most heavily represented sector among the heavily shorted companies announcing earnings this week. Merrimack's current short interest stands at an all-time high as short sellers more than doubled their positions in the last six months to the current all-time high 31.6% of shares outstanding. This new ramp in short interest comes after an initial bear raid on the firm which saw short sellers cover a majority of their positions after Merrimack shares rallied after its ONIVYDE product came to market.

Merrimack's rapid rise in short interest leading up to earnings is eclipsed by its peer Dynavax Technologies which has seen its short interest shoot up by over 50% in the month leading up to earnings, Dynavax's most recent surge in short interest was triggered back in September after news that the FDA was [seeking](#) more information regarding its HEPLISAV-B vaccine application which sent Dynavax shares down sharply.

Looking beyond pharmaceuticals, we see perennial short J C Penney make the heavily shorted list with 17% of the retailer's shares out on loan. J C Penney's persistently high short interest comes despite a fairly buoyant set of Q2 earnings which saw the company reaffirm a 3-4% expected revenue gain for the year.

## J C Penney Company Inc



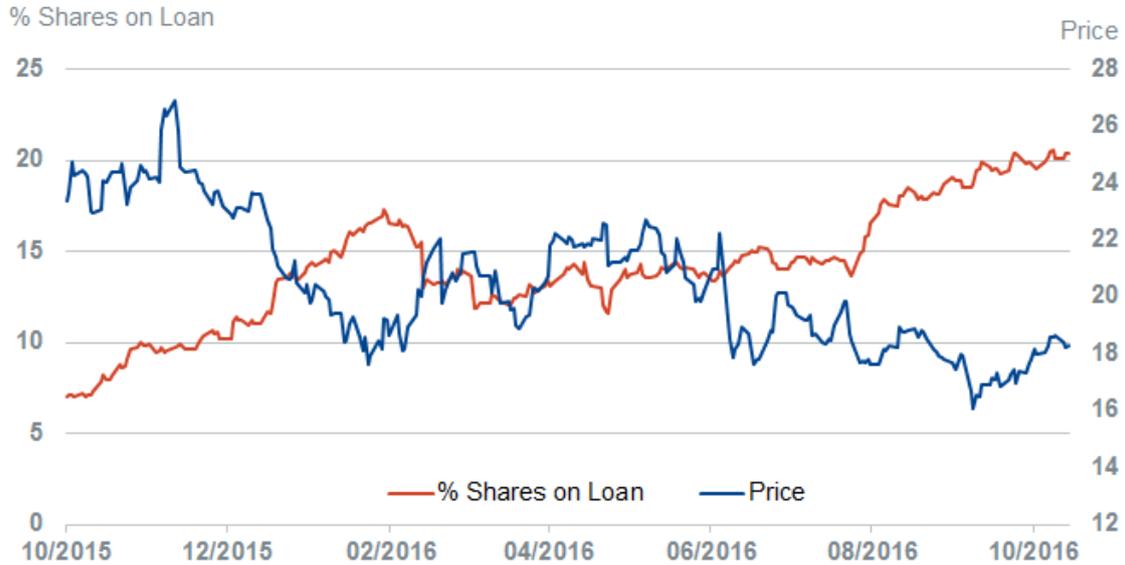
Source: IHS Markit

## Europe

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
K&S Ag	Chemicals	SDF	11/10/2016	20.4	6%
Bilfinger Se	Commercial Services & Supplies	GBF	11/10/2016	19.3	29%
Unione Di Banche Italiane Spa	Banks	UBI	11/10/2016	15.8	6%
Bavarian Nordic A/S	Biotechnology	BAVA	11/9/2016	14.7	4%
Burckhardt Compression Holding / Machinery	Machinery	BCHN	11/8/2016	14.5	11%
Heidelberger Druckmaschinen Ag	Machinery	HDD	11/9/2016	14.1	-5%
Astaldi Spa	Construction & Engineering	AST	11/9/2016	13.5	-12%
Cgg Sa	Energy Equipment & Services	CGG	11/8/2016	13.0	10%
Drillisch Ag	Wireless Telecommunication Services	DRI	11/10/2016	11.5	0%
J Sainsbury Plc	Food & Staples Retailing	SBRY	11/9/2016	10.8	-13%
Subsea 7 Sa	Energy Equipment & Services	SUBC	11/10/2016	10.5	-11%
Stroeer Se & Co Kga	Media	SAX	11/10/2016	10.5	20%
Azimut Holding Spa	Capital Markets	AZM	11/10/2016	10.0	66%
Aperam Sa	Metals & Mining	APAM	11/7/2016	9.8	-11%
Morphosys Ag	Life Sciences Tools & Services	MOR	11/7/2016	9.2	26%
Vallourec Sa	Energy Equipment & Services	VK	11/8/2016	8.6	-3%
Dairy Crest Group Plc	Food Products	DCG	11/10/2016	8.4	16%
Banca Popolare Di Milano Scarl	Banks	PMI	11/8/2016	8.4	13%
Banco Comercial Portugues Sa	Banks	BCP	11/9/2016	8.3	0%
Elringklinger Ag	Auto Components	ZIL2	11/8/2016	8.2	-7%
Yoox Net-A-Porter Group Spa	Internet & Direct Marketing Retail	YNAP	11/9/2016	8.1	-4%

The key European target for bears among companies announcing earnings this week is German minerals firm K&S which has over 20% of its shares out on loan to short sellers. K&S's high short interest reflects the ongoing weakness in the Potash Market which has [forced its competitors](#) to merge after a sharp fall in profits.

## K&S Ag



Source: IHS Markit

Peripheral European banks are also on the short target list this week as investors fret about the level of bad debt on the balance sheet of these companies. The targets this week include Unione Di Banche Italiane Spa, Banca Popolare Di Milano Scarl and Banco Comercial Portugues Sa, which have all seen a rise in demand to borrow in the month leading up to earnings.

The most shorted UK name announcing this week, grocer Sainsbury's, has seen a sharp decrease in demand to borrow its shares; dropping to a two year low as the crippling pound sets to kick-start UK inflation which could boost the company's turnover.

## J Sainsbury Plc



Source: IHS Markit

## Asia

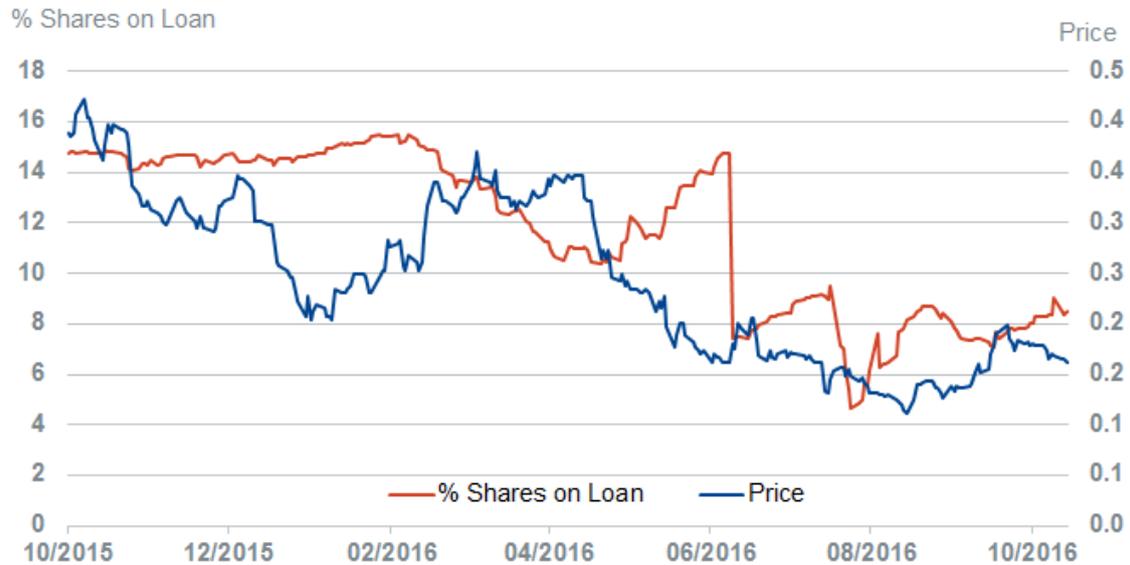
Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Edion Corp	Specialty Retail	2730	11/8/2016	13.7	2%
W-Scope Corp	Chemicals	6619	11/9/2016	13.3	7%
Jig-Saw Inc	Internet Software & Services	3914	11/9/2016	13.3	1%
Nissha Printing Co Ltd	Commercial Services & Supplies	7915	11/7/2016	12.3	-4%
Klab Inc	Software	3656	11/8/2016	11.9	-6%
Nikon Corp	Household Durables	7731	11/8/2016	11.1	2%
Japan Airport Terminal Co Ltd	Transportation Infrastructure	9706	11/9/2016	10.2	-8%
Celltrion Inc	Biotechnology	068270	11/10/2016	9.5	-4%
Pacific Metals Co Ltd	Metals & Mining	5541	11/11/2016	8.9	-25%
Eneres Co Ltd	Independent Power and Renewable Ele	6079	11/9/2016	8.9	63%
Noble Group Ltd	Trading Companies & Distributors	N21	11/11/2016	8.6	16%
Anicom Holdings Inc	Insurance	8715	11/7/2016	8.6	6%
Digital Media Professionals Inc	Semiconductors & Semiconductor Equ	3652	11/9/2016	8.5	2%
Epistar Corp	Semiconductors & Semiconductor Equ	2448	11/9/2016	8.5	12%
Gintech Energy Corp	Semiconductors & Semiconductor Equ	3514	11/10/2016	8.4	-7%
Acer Inc	Technology Hardware, Storage & Perip	2353	11/7/2016	8.3	-1%
Happinet Corp	Distributors	7552	11/10/2016	8.3	-6%
Sumco Corp	Semiconductors & Semiconductor Equ	3436	11/10/2016	8.2	9%

Household technology retailer Edion leads the Asian short targets announcing earnings this week as 13.7% of its shares out are out on loan. Retailers such as Edion have struggled in the wake of [weak](#) Japanese consumer spending figures, which have made retailers some of the most popular short targets in the region.

The largest short target in terms of market cap is Korean biotech Celltrion which has 9.5% of its \$10bn plus market cap shorted. It's worth noting that a part of this heavy demand to borrow could be non-directional, owing to the fact that the firm has a \$300m convertible bond issue outstanding.

Commodities trading house Noble also makes the list of heavily shorted stocks ahead of earnings as it has seen a 16% rise in demand to borrow its shares in the last month. This most recent surge in short interest takes the demand to borrow Nobel shares to the highest level since the company closed a rights issue in August.

## Noble Group Ltd



Source: IHS Markit

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