

Most shorted ahead of earnings

We review how short sellers are reacting to the companies due to announce earnings in the week to come.

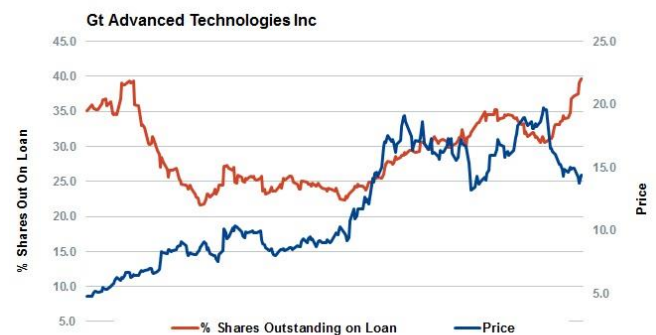
- GT Advanced Technologies is the most shorted company announcing results this week
- Telecom Italia continues to see high demand to borrow, rising 31% ahead of earnings
- Cochlear sees high short interest with 15.8% shares out on loan, despite recent price surge

North American earnings

The second quarter earnings season continues in earnest this week with over 1200 firms announcing results in the coming five days. On the heavily shorted side, there are 20 firms seeing more than 20% of their shares out on loan ahead of reporting earnings.

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Gt Advanced Technologies Inc	Semiconductors & Semiconductor Equ	GTAT	8/4/2014	39.6	29%
Allied Nevada Gold Corp	Metals & Mining	ANV	8/4/2014	34.4	3%
Approach Resources Inc	Oil, Gas & Consumable Fuels	AREX	8/4/2014	29.2	-1%
Textura Corp	Internet Software & Services	TXTX	8/6/2014	27.2	15%
Rubicon Technology Inc	Semiconductors & Semiconductor Equ	RBCN	8/7/2014	26.9	11%
Ebox Inc	Software	EBIX	8/8/2014	26.0	0%
Emerald Oil Inc	Oil, Gas & Consumable Fuels	EOX	8/4/2014	24.1	3%
Air Methods Corp	Health Care Providers & Services	AIRM	8/7/2014	24.0	2%
Celldex Therapeutics Inc	Biotechnology	CLDX	8/6/2014	23.3	19%
Mallinckrodt Plc	Pharmaceuticals	MNKC	8/7/2014	23.1	-10%
Conversant Inc	Internet Software & Services	CNVR	8/6/2014	22.8	6%
Encore Capital Group Inc	Consumer Finance	ECPG	8/7/2014	22.7	4%
Fleetmatics Group Plc	Software	FLT	8/6/2014	22.5	13%
Magicjack Vocaltec Ltd	Diversified Telecommunication Service	CALL	8/8/2014	21.5	-9%
Endeavour International Corp	Oil, Gas & Consumable Fuels	END	8/5/2014	21.1	3%
Mcdermott International Inc	Energy Equipment & Services	MDR	8/4/2014	20.9	2%
Ariad Pharmaceuticals Inc	Biotechnology	ARIA	8/6/2014	20.3	-1%

Coming in as the most shorted of this week's lot is Gt Advanced Technologies which has almost 40% of its shares out on loan. While GT's shares have proven resilient in the face of heavy short interest, as they jumped five folds over the last 12 months, this rally seems to have run out of steam as they have retreated by a quarter from their recent high a month ago.



While many are excited about the prospect of having Apple as a co investor in Gt after the firm announced a \$500m investment, recent analyst comments regarding the slowing pace of Apple's shipments and the fact that the firm's revenue is expecting to come in below 2012's total have seen its shares retreat. This adjustment has led to the company seeing the largest rise in demand to borrow ahead of results.

Biotechnology is the sector seeing the most components among the heavily shorted list, with Air Methods seeing the largest proportion of its shares out on loan. The firm has 24% of shares out on loan, a number that has nearly doubled since it posted a disappointing first quarter results.

Also shorted in the sector is Mallinckrodt which is in the process of buying short favourite Questcor Pharmaceuticals. With the controversial Acthar drug set to come under Mallinckrodt's umbrella, we've seen shorts

switch their positions to the purchasing company which recently saw all-time high short interest.



Another firm recently seeing record high short interest is Magicjack which recently saw over a quarter of its shares out on loan. The firm was hotly tipped to be a cash cow last year but its inability to raise its revenue in the face of tough competition from app based telephone firms have seen shorts circle to new highs as its shares fell by 40% from their recent high in March.

European earnings

Europe also sees its earnings season gather pace, with 14 firms seeing heavy demand to borrow in the lead up to results.

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Amec Plc	Energy Equipment & Services	AMEC	8/7/2014	11.8	5%
Telecom Italia Spa	Diversified Telecommunication Service	TIT	8/5/2014	10.9	31%
Neste Oil Oyj	Oil, Gas & Consumable Fuels	NES1V	8/5/2014	10.0	2%
Nokian Tyres Plc	Auto Components	NRE1V	8/8/2014	9.5	2%
Sma Solar Technology Ag	Semiconductors & Semiconductor Equ	S92	8/7/2014	9.1	17%
Aggreko Plc	Commercial Services & Supplies	AGK	8/5/2014	8.5	0%
Moleskine Spa	Commercial Services & Supplies	MSK	8/6/2014	7.9	21%
Andritz Ag	Machinery	ANDR	8/7/2014	7.9	-3%
Tag Immobilien Ag	Real Estate Management & Developm	TEG	8/7/2014	7.4	-4%
Kuka Ag	Machinery	KUZ	8/6/2014	6.4	-14%
Telecity Group Plc	Internet Software & Services	TCY	8/4/2014	6.3	19%
Tod'S Spa	Textiles, Apparel & Luxury Goods	TOD	8/7/2014	6.0	-4%
Etablissements Delhaize Freres	E Food & Staples Retailing	DELB	8/7/2014	5.8	9%

Topping the list as the most shorted firm ahead of results in the region is Amec which has just under 12% of its shares out on loan. Note that the company's high demand to borrow is probably linked to its purchase of Swiss based rival Foster Wheeler.



FTSE 100 peer Aggreko also sees high demand to borrow with 8% of shares out on loan. This is more likely to be directionally driven as the firm is expected to post a slide in both profits and revenues. This is partly driven by the surging pound as the firm generates a majority of its revenue offshore.



Italian firms comprise the two firms seeing the largest jump in short interest ahead of earnings, with Telecom Italia posting a 31% rise in demand to borrow ahead of results. Meanwhile luxury stationary firm Moleskine has seen its short interest jump by 21% in the four weeks leading up to earnings.



Asian earnings

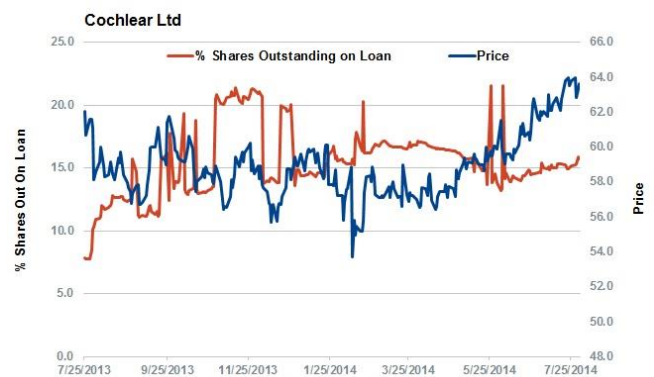
Asia also sees plenty of earnings activity with 19 firms seeing more than 6% of shares out on loan ahead of earnings.

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Yamada Denki Co Ltd	Specialty Retail	9831	8/7/2014	18.9	-2%
Cochlear Ltd	Health Care Equipment & Supplies	COH	8/5/2014	15.8	5%
Nikon Corp	Household Durables	7731	8/7/2014	13.8	29%
Dena Co Ltd	Internet Software & Services	2432	8/6/2014	11.7	8%
Acer Incorporated	Technology Hardware, Storage & Perip	2353	8/8/2014	10.2	4%
Heian Ceremony Service Co Ltd	Diversified Consumer Services	2344	8/7/2014	10.0	0%
Tokyo Tomin Bank Ltd	Banks	8339	8/5/2014	9.2	-6%
Tonishima Pump Mfg Co Ltd	Machinery	6363	8/7/2014	8.6	21%
Gintech Energy Corp	Semiconductors & Semiconductor Eq	3514	8/6/2014	8.2	5%
Motech Industries Inc	Semiconductors & Semiconductor Eq	6244	8/5/2014	7.8	32%
Crooz Inc	Internet Software & Services	2138	8/8/2014	7.6	11%
Taiyo Yuden Co Ltd	Electronic Equipment, Instruments & C	6976	8/7/2014	7.2	-8%
Micronics Japan Co Ltd	Semiconductors & Semiconductor Eq	6871	8/8/2014	7.1	13%
Medinet Co Ltd	Life Sciences Tools & Services	2370	8/5/2014	6.7	1%
Nichias Corp	Building Products	5393	8/4/2014	6.5	6%
Fixstars Corp	Software	3687	8/5/2014	6.4	478%
Tamron Co Ltd	Household Durables	7740	8/4/2014	6.1	-28%
Solartech Energy Corp	Semiconductors & Semiconductor Eq	3561	8/7/2014	6.0	33%
Nippon Carbide Industries Co Inc	Chemicals	4064	8/8/2014	6.0	-9%

Japan continues to feature prominently among the most shorted list in Asia, making up 14 of the 19 most shorted firms announcing results. This comes in line with weaker than expected consumer spending numbers, which have prompted questioning of prime minister Abe's economic policies.

While retailer Yamada Denki is the most shorted firm after its demand to borrow doubled in the last three months, another highlight of this week's earnings are camera companies Nikon and Tamron which have seen their business come under heavy pressure from phone based photography.

Outside of Japan, we see continued demand to borrow shares in hearing aid firm Cochlear which has 15.8% of its shares out on loan, making it the second most shorted company in the region announcing earnings this week. While the firm has had some regulatory success in recent months, short sellers have held on to their positions after it posted a disappointing first quarter.



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