

Most shorted ahead of earnings

A review of how short sellers are positioning themselves ahead of earnings announcements in the coming week.

- Atwood Oceanics the most shorted company announcing earnings this week
- Deutsche Lufthansa has an all-time high demand to short its shares in the lead-up to results
- Japanese photography see heavy short interest leading up to earnings

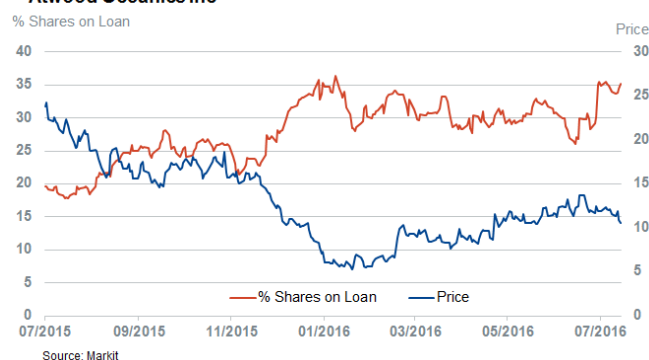
North America

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Atwood Oceanics Inc	Energy	ATW	8/1/2016	35.3	18%
Encore Capital Group Inc	Diversified Financials	ECPG	8/4/2016	30.5	1%
Bofi Holding Inc	Banks	BOFI	8/2/2016	30.4	-8%
Ligand Pharmaceuticals Inc	Pharmaceuticals, Biotechnology & Life	LGND	8/4/2016	28.2	11%
Quebecor Inc	Media	QBR.B	8/4/2016	28.1	1%
Labrador Iron Ore Royalty Corp	Materials	LIF	8/5/2016	26.7	0%
Air Methods Corp	Health Care Equipment & Services	AIRM	8/4/2016	26.5	2%
Bonanza Creek Energy Inc	Energy	BCEI	8/4/2016	25.1	9%
Heron Therapeutics Inc	Pharmaceuticals, Biotechnology & Life	HRTX	8/5/2016	23.5	-9%
Stone Energy Corp	Energy	SGY	8/2/2016	21.9	29%
Intercept Pharmaceuticals Inc	Pharmaceuticals, Biotechnology & Life	ICPT	8/4/2016	21.7	7%
3D Systems Corp	Technology Hardware & Equipment	DDD	8/3/2016	21.3	-2%
Cempra Inc	Pharmaceuticals, Biotechnology & Life	CEMP	8/1/2016	20.9	0%
Hornbeck Offshore Services Inc	Energy	HOS	8/3/2016	20.3	2%
Northern Oil And Gas Inc	Energy	NOG	8/4/2016	20.2	7%
Applied Optoelectronics Inc	Technology Hardware & Equipment	AAOI	8/4/2016	20.2	-14%
Depomed Inc	Pharmaceuticals, Biotechnology & Life	DEPO	8/3/2016	20.1	-6%

Atwood Oceanics sees the highest short interest of any company announcing earnings next week with over a third of its shares now shorted. The firm leads the way in the energy sector which shares top billing in the most shorted list along with Pharmaceutical and Biotech.

Atwood's position as an offshore drilling contractor has made it particularly exposed to the recent deep cuts in energy capital spending, something which was a key theme in this last weeks' earnings announcements from oil majors. This trend has in turn seen short sellers hang on to their positions in Atwood despite the fact that its shares have rebounded strongly from the lows seen earlier in the year. Short sellers are lining up for a further slide in Atwood shares heading into earnings as its short interest has increased by 18% in the month leading up to earnings.

Atwood Oceanics Inc



Hornbeck Offshore, which is exposed to the same forces driving Atwood's short interest, sees 20.2% of its shares shorted.

The high conviction shorts in the production and exploration space announcing earnings next week are Bonanza Creek Energy, Stone Energy and Northern Oil & Gas.

Short selling in the pharma sector is led by Ligand Pharmaceutical which sees 28% of its shares shorted. The great majority of this shorting activity is unlikely to be driven by directional short selling however as Ligand has several large convertible bond issues outstanding.

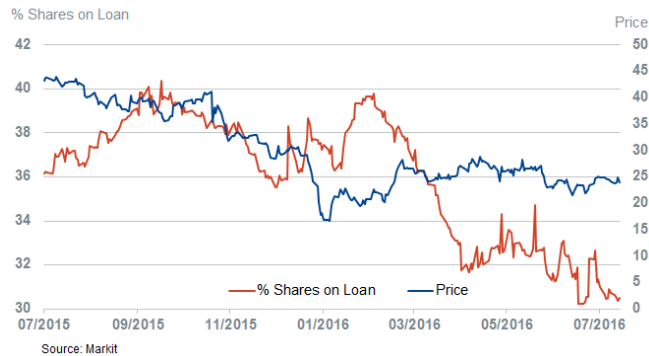
The same can't be said for Heron Therapeutics however. The firm, which is not expected to earn any revenue until Q3 this year has, 23.5% of its shares shorted.

Financial firms also make an appearance among high conviction sort positions with Encore Capital Group and Bofi Holding taking

Markit Equities Commentary

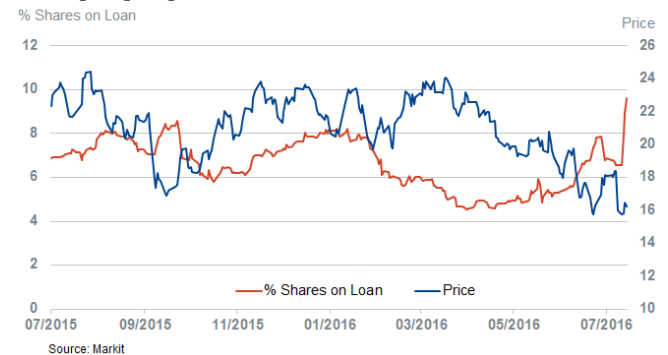
second and third spot among the most shorted ahead of earnings list.

Encore Capital Group Inc



The largest rise in short interest leading up to earnings comes compliment of German car parts manufacturer ElringKlinger which has seen a 39% rise in short interest in the last month. The firm's formal earnings announcement isn't likely to provide many shocks however as it has already put out preliminary earnings which drove much of the recent increase in shorting activity.

ElringKlinger Ag

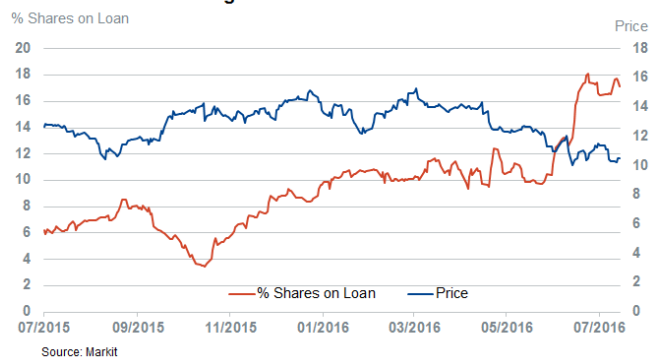


Europe

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Deutsche Lufthansa Ag	Transportation	LHA	8/2/2016	17.3	3%
Astaldi Spa	Capital Goods	AST	8/3/2016	12.9	0%
ElringKlinger Ag	Automobiles & Components	ZIL2	8/4/2016	9.4	39%
Yoox Net-A-Porter Group Spa	Retailing	YNAP	8/4/2016	9.1	9%
Unione Di Banche Italiane Spa	Banks	UBI	8/5/2016	8.7	4%
Fraport Frankfurt Airport Services	Transportation	FRA	8/4/2016	8.4	-23%
Morphosys Ag	Pharmaceuticals, Biotechnology & Life	MOR	8/1/2016	8.4	18%
Solocal Group Sa	Media	LOCAL	8/1/2016	8.3	-1%
Tgs Nopec Geophysical Company	Energy	TGS	8/4/2016	7.7	-9%
Banca Carige Spa Cassa Di Rispa	Banks	CRG	8/5/2016	7.6	3%
Dialight Plc	Capital Goods	DIA	8/2/2016	7.5	2%
Salvatore Ferragamo Spa	Consumer Durables & Apparel	SFER	8/2/2016	7.2	7%
Aggreko Plc	Commercial & Professional Services	AGK	8/3/2016	6.9	-16%
Saras Spa	Energy	SRS	8/1/2016	6.6	27%
Fugro C Gdr	Energy	FUR	8/4/2016	6.6	-1%
Buzzi Unicem Spa	Materials	BZU	8/3/2016	6.2	-4%
Hugo Boss Ag	Consumer Durables & Apparel	BOSS	8/5/2016	5.9	-7%

Most shorted European company announcing earnings this week is German legacy airline Deutsche Lufthansa which has an all-time high 17.3% of its shares shorted. All three large European legacy carriers, which were under pressure from upstart Asian carriers and low-cost domestic competitors, have had to contend with the added uncertainty following the brexit vote and the fallout from recent terrorist attacks which has put off some travellers.

Deutsche Lufthansa Ag



Luxury firms, which have been hit by a slowdown in Asian luxury consumer spending also feature in the most shored firms announcing earnings next week with Hugo Boss and Salvatore Ferragamo both seeing more than 6% of their shares shorted in the lead-up to earnings,

One bright spot heading into earnings is UK plant rental firm Aggreko which has seen over 16% of short positions cover in the last month. The latest wave of short covering takes the company's short interest to a new yearly. This is most likely driven by the fact that the firm has a relatively large overseas exposure which has helped to cushion it from the worst of the recent brexit driven volatility.

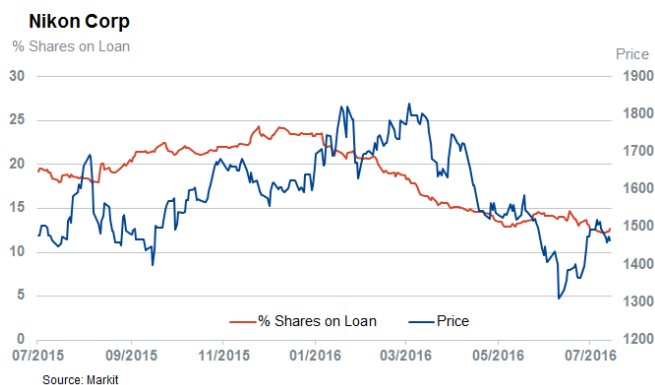
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Markit Equities Commentary

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Future Venture Capital Co Ltd	Diversified Financials	8462	8/4/2016	21.1	4%
Klab Inc	Software & Services	3656	8/4/2016	15.5	30%
Edion Corp	Retailing	2730	8/5/2016	14.3	8%
Nikon Corp	Consumer Durables & Apparel	7731	8/4/2016	12.7	-14%
Syuppin Co Ltd	Retailing	3179	8/5/2016	11.3	26%
Nissha Printing Co Ltd	Commercial & Professional Services	7915	8/5/2016	10.4	-4%
Casio Computer Co Ltd	Consumer Durables & Apparel	6952	8/2/2016	10.2	-10%
Adways Inc	Media	2489	8/3/2016	9.8	-2%
Celltrion Inc	Pharmaceuticals, Biotechnology & Life	068270	8/4/2016	9.5	-6%
Digital Media Professionals Inc	Semiconductors & Semiconductor Eq	3652	8/5/2016	9.5	7%
Anges Mg Inc	Pharmaceuticals, Biotechnology & Life	4563	8/1/2016	9.0	6%
Nippon Ceramic Co Ltd	Technology Hardware & Equipment	6929	8/5/2016	8.8	-20%
Pioneer Corp	Consumer Durables & Apparel	6773	8/5/2016	8.2	-9%

Future Venture Capital is the most shorted Asian firm announcing earnings this week with 21% of its shares shorted.

Japan's leading photography firms continue to make popular short positions with camera manufacturer Nikon and lens firm Tamron both making this week's heavily shorted list.



The largest jump in short interest leading up to earnings was driven by mobile app firm Klab which has seen shorts surge by nearly a third in the last month to 15.5% of shares outstanding.

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