

Most shorted ahead of earnings

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

- Canada’s largest newspaper printer and US bed maker most shorted in North America
- Short interest in Nordic airline SAS ahead of Remy Cointreau and AO World in Europe
- Japanese software firms among the most shorted stocks in Apac

North America

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Transcontinental Inc	Commercial Printing	TCLA	06/10/2016	16.5	0%
Mattress Firm Holding Corp	Homefurnishing Retail	MFRM	06/09/2016	14.9	5%
Straight Path Communications Inc	Alternative Carriers	STRP	06/07/2016	14.9	3%
Layne Christensen Co	Construction & Engineering	LAYN	06/06/2016	13.3	-6%
Lululemon Athletica Inc	Apparel, Accessories & Luxury Goods	LULU	06/08/2016	11.9	-1%
Restoration Hardware Holdings Inc	Homefurnishing Retail	RH	06/09/2016	10.6	-14%
Fuelcell Energy Inc	Electrical Components & Equipment	FCEL	06/08/2016	9.9	16%
Eros International Plc	Movies & Entertainment	EROS	06/10/2016	9.4	7%
Navistar International Corp	Construction Machinery & Heavy Trucks	NAV	06/08/2016	9.1	4%
Organovo Holdings Inc	Biotechnology	ONVO	06/09/2016	9.0	5%
Healthequity Inc	Managed Health Care	HQY	06/07/2016	8.6	-6%
H & R Block Inc	Specialized Consumer Services	HRB	06/09/2016	8.1	18%
Pdwireless Inc	Alternative Carriers	PDVW	06/07/2016	7.9	1%
Advanced Drainage Systems Inc	Building Products	WMS	06/07/2016	7.8	-1%
Greif Inc	Metal & Glass Containers	GEF	06/08/2016	6.9	-1%
Mediagif Interactive Technologies Inc	Internet Software & Services	MDF	06/07/2016	6.6	0%
Limoneira Co	Agricultural Products	LMNR	06/09/2016	6.4	-2%
United Natural Foods Inc	Food Distributors	UNFI	06/06/2016	6.1	-3%
Tailored Brands Inc	Apparel Retail	TLRD	06/08/2016	6.0	-1%
Hudson's Bay Co	Department Stores	HBC	06/09/2016	5.5	20%

With currently 16.5% of shares outstanding on loan (short interest), Transcontinental features **again** leading the most shorted stocks ahead of earnings in North America.

Transcontinental Inc



The largest news print company in Canada, Transcontinental continues with its transformation from a traditional print and publishing business, currently **representing 72%** of revenues, into a more digital-media focused entity.

Mattress Firm Holding Corp



Flagged as potential **short squeeze** in August 2015 by **Research Signals** Short Squeeze model, Mattress Firm continues to see high levels of short interest currently at 15.8%. The cost to borrow shares broke through 15% in April and remains near these high levels currently - indicating demand to short the bedding retailer remains strong.

Straight Path Communications Inc



Shares in Straight Path Communications have and recovered 287% after a sharp

selloff in **November 2015**. Short sellers have however, continued to hold onto positions, with short interest remaining elevated at 14.9%.

Other notable names in North America include water management, construction and drilling firm Layne Christensen with short interest of 13.3% and apparel retailer Lululemon Athletica, which has seen shorts cover almost 30% of positions in the past six months as the stock continues surging, up by 46% currently.

Europe

There are only three stocks this week with significant levels of short interest ahead of earnings in Europe, led by Nordic airline SAS with 11.9% of shares outstanding on loan.

Sas Ab



SAS posted a weak first quarter result with the company previously **leading airline shorts** in Europe.

After coming under **pressure** in 2014, shorts have covered a quarter of positions in Remy Cointreau with 6.1% of shares outstanding on loan, while shares rallied by almost a fifth.

Remy Cointreau Sa



Shorts have also continued to cover positions in UK online household goods retailer AO World. Short interest has declined by a fifth over the past 12 months.

Ao World Plc



Apac

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Gumi Inc	Application Software	3903	06/10/2016	9.9	-9%
Morpho Inc	Application Software	3653	06/10/2016	7.8	52%
Racoon Co Ltd	Internet Retail	3031	06/10/2016	4.4	47%
Viromed Co Ltd	Biotechnology	084990	06/07/2016	4.3	4%
Ateam Inc	Internet Software & Services	3662	06/10/2016	4.1	9%
Kumiai Chemical Industry Co Ltd	Fertilizers & Agricultural Chemicals	4996	06/10/2016	3.8	-8%
Asukanet Co Ltd	Diversified Support Services	2438	06/10/2016	3.7	19%
Pharma Foods International Co Ltd	Biotechnology	2929	06/10/2016	3.6	-8%
China Ocean Resources Co Ltd	Packaged Foods & Meats	900050	06/07/2016	3.2	-32%
Yuanta Securities Korea Co., Ltd	Investment Banking & Brokerage	003470	06/09/2016	3.1	5%

Most shorted ahead of earnings in Apac is recently listed Japanese social game and app developer Gumi. With 9.9% of its shares outstanding on loan, rising six fold in the past year, the companies' shares have meanwhile declined by 42%.

Gumi Inc



Since the beginning of April, short sellers have rushed back into Morpho, a Japanese headquartered image processing and software firm. Short interest has increased almost two fold while shares (inclusive of a recent pullback) have rallied by 7%.

Morpho Inc



Tokyo based online transaction service provider Raccoon has seen a spike in short interest levels lately, having already risen

180% over the past six months to 5.6%. Shares in the company have also risen, rallying higher by 62% over the same period.

Raccoon Co Ltd



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