

## Most shorted ahead of earnings

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

- Investors seen possibly hedging rising equity of most shorted Quebecor
- Record short interest maintained in Morrisons despite costly rally to short sellers
- Short interest in Samsung Heavy Industries up by 25% ahead of earnings

### North America

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Quebecor Inc	Cable & Satellite	QBR.B	03/09/2016	31.7	7%
Westmoreland Coal Co	Coal & Consumable Fuels	WLB	03/08/2016	28.0	10%
Hibbett Sports Inc	Specialty Stores	HIBB	03/11/2016	24.0	-5%
Teligent Inc	Pharmaceuticals	TLGT	03/09/2016	22.3	-6%
Freshpet Inc	Packaged Foods & Meats	FRPT	03/09/2016	20.4	-3%
Straight Path Communications Inc	Alternative Carriers	STRP	03/10/2016	18.7	-9%
Transcontinental Inc	Commercial Printing	TCL.A	03/09/2016	18.5	-7%
Zumiez Inc	Apparel Retail	ZUMZ	03/10/2016	18.2	0%
Jamba Inc	Restaurants	JMBA	03/10/2016	17.2	-3%
Papa Murphy'S Holdings Inc	Restaurants	FRSH	03/09/2016	16.8	-16%
Cerus Corp	Health Care Supplies	CERS	03/08/2016	15.9	-7%
W&T Offshore Inc	Oil & Gas Exploration & Production	WTI	03/08/2016	15.7	18%
Buckle Inc	Apparel Retail	BKE	03/11/2016	15.6	5%
Tg Therapeutics Inc	Biotechnology	TGTX	03/09/2016	15.2	13%
Ag Growth International Inc	Agricultural & Farm Machinery	AFN	03/10/2016	15.0	15%
Clayton Williams Energy Inc	Oil & Gas Exploration & Production	CWEI	03/10/2016	14.6	29%
Cormedix Inc	Biotechnology	CRMD	03/10/2016	14.4	2%
Kelt Exploration Ltd	Oil & Gas Exploration & Production	KEL	03/10/2016	14.2	-1%
Plug Power Inc	Electrical Components & Equipment	PLUG	03/10/2016	14.0	-5%
Cadiz Inc	Water Utilities	CDZI	03/10/2016	13.8	-1%

Most shorted ahead of earnings in North America this week is telecoms and media company Quebecor. With 32% of shares outstanding on loan, short interest movements have continued to track stock price movements. This is in part probably due to a number of **convertible debentures** in issue. Increased shorting activity has been seen as the stock price increased 23% - as convertible debt investors' hedge out their equity exposure.

### Quebecor Inc



Second most shorted is Westmoreland Coal with 28% of its shares outstanding on loan. The owner of several coal mines in the US and Canada has seen shares fall by 70% in the last 12 months after prices for coal and other commodities collapsed and continue to hover at decade lows.

### Westmoreland Coal Co



Short sellers have covered positions slightly in third most shorted Hibbet Sports, which has seen its stock rise by almost a fifth in the last three months with a quarter of the firms shares currently sold short.

### Hibbett Sports Inc



After covering over a third of total short positions in Freshpet, with shares falling 62% in the past 12 months, short sellers continue to hold a significant position in the company with 20% of shares outstanding on loan.

**Freshpet Inc**



Source: Markit

Fresh Pet has been the **target of short sellers** since listing in 2014; shares are now down 52% since the company's IPO and 72% down from highs reached in early 2015.

**Europe**

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Wm Morrison Supermarkets Plc	Food Retail	MRW	03/10/2016	20.0	1%
Astaldi Spa	Construction & Engineering	AST	03/09/2016	16.8	-5%
Sas Ab	Airlines	SAS	03/08/2016	13.5	-7%
K&S Ag	Fertilizers & Agricultural Chemicals	SDF	03/10/2016	13.0	-19%
Casino Guichard Perrachon Sa	Food Retail	CO	03/09/2016	12.0	-26%
Dialight Plc	Electrical Components & Equipment	DIA	03/08/2016	11.6	-2%
Charles Voegelé Holding Ag	Apparel Retail	VCH	03/08/2016	9.9	12%
Piaggio & C Spa	Motorcycle Manufacturers	PIA	03/11/2016	9.3	-2%
G4S Plc	Security & Alarm Services	GFS	03/09/2016	8.0	2%
J D Wetherspoon Plc	Restaurants	JDW	03/11/2016	6.6	2%
Rallye Sa	Food Retail	RAL	03/09/2016	6.5	-6%
Telit Communications Plc	Communications Equipment	TCM	03/07/2016	5.8	-15%
Brunello Cucinelli Spa	Textiles	BC	03/10/2016	5.7	-1%
Brammer Plc	Trading Companies & Distributors	BRAM	03/08/2016	5.6	-11%
Clarkson Plc	Marine	CKN	03/07/2016	4.8	53%
Yoox Spa	Internet Retail	YOOX	03/09/2016	4.4	22%
Bourbon Sa	Oil & Gas Equipment & Services	GBB	03/10/2016	4.2	6%
Baywa Ag	Trading Companies & Distributors	BYW6	03/07/2016	3.5	-10%
Valora Holding Ag	Specialty Stores	VALN	03/08/2016	3.1	-5%
Bavarian Nordic A/S	Biotechnology	BAVA	03/07/2016	3.1	8%

UK retailer Wm Morrison Supermarkets is the most shorted stock in Europe ahead of earnings with 20% of its shares sold short. Joined by French retailer Casino Guichard with 12% of its shares shorted, short interest **across European retailers** continues to rise.

**Wm Morrison Supermarkets Plc**



Source: Markit

Shares in Morrisons have rallied almost 50% since December 2015, recently spurred on by Amazon who partnered with the grocer to deliver an online food service called 'Pantry' in the UK. Despite the costly rise to short positions, short sellers have not as of yet covered and short interest remains near record highs.

**Casino Guichard Perrachon Sa**



Source: Markit

Short sellers have however covered a third of positions in Casino Guichard since the beginning of February 2016 with the stock bouncing 12% higher after posting a 44% decline over the last 12 months.

### Astaldi Spa



Second most shorted in Europe ahead of earnings is Italian construction firm Astaldi with 16.8% of its shares outstanding on loan. Shares in the firm have continued to fall another 15% after **Moody's downgraded** the outlook for the company from stable to negative.

### Sas Ab



Also making use of **convertible** debt instruments with possible hedging activities impacting short interest levels is Scandinavia airline SAS. With 13.5% of its shares outstanding on loan the firms shares have climbed over 50% in the past 12 months with short interest almost doubling.

### K&S Ag



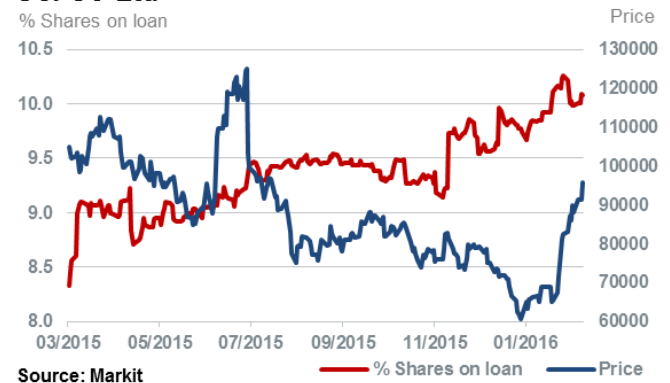
Short interest has plummeted in German resource firm K&S ahead of earnings, falling 25% in a matter of weeks with 13% of shares outstanding on loan currently. Shares have risen 17% since hitting a 12 month low in November 2015.

### Apac

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Oci Co Ltd	Diversified Chemicals	010060	03/07/2016	10.1	2%
Pigeon Corp	Household Products	7956	03/07/2016	9.2	36%
Samsung Heavy Industries Co Ltd	Construction Machinery & Heavy Trucks	010140	03/07/2016	8.6	-4%
Morpho Inc	Application Software	3653	03/11/2016	6.9	-30%
Fukuyama Transporting Co Ltd	Trucking	9075	03/08/2016	6.9	-4%
Sunny Optical Technology Group C	Electronic Components	2382	03/07/2016	6.2	-9%
Medy-Tox Inc	Biotechnology	086900	03/10/2016	5.8	235%
Car Inc	Trucking	699	03/08/2016	5.3	-15%
Hanmi Pharm Co Ltd	Pharmaceuticals	128940	03/07/2016	5.3	19%
Supreme Electronics Co Ltd	Technology Distributors	8112	03/07/2016	5.2	-2%

Most shorted ahead of earnings in Apac is South Korean firm Oci with 10% of shares outstanding on loan. Stock in the chemicals company has surged by 28% in the new year with short interest following suit.

### Oci Co Ltd



**Pigeon Corp**



Second most shorted in Apac is Japanese based child care product manufacturer Pigeon Corp. The firm has attracted short sellers in 2015 with short interest rising to 9.2% of shares outstanding on loan.

**Samsung Heavy Industries Co Ltd**



Lastly, rig and shipbuilder Samsung Heavy industries shares are 40% down over the last 12 months with short interest remaining high at 8.6%. The Korean shipbuilder has recently posted significant losses as orders for large vessels continued to decline.

To receive more information on **Securities Finance, Research Signals, Exchange Traded Products, Dividend Forecasting** or our Short Squeeze model please **contact us**

To read this article on our commentary website please click [here](#).

**Relte Stephen Schutte**

Analyst  
 Markit  
 Tel: +44 207 064 6447  
 Email: [relte.schutte@markit.com](mailto:relte.schutte@markit.com)

For further information, please visit [www.markit.com](http://www.markit.com)

The intellectual property rights to this report provided herein is owned by Markit Group limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit’s prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information (“data”) contained herein, any errors, inaccuracies, omission or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, consequential damages, arising out of the use of the data. Markit is a trademark owned by the Markit group.

This report does not constitute nor shall it be construed as an offer by Markit to buy or sell any particular security, financial instrument or financial service. The analysis provided in this report is of a general and impersonal nature. This report shall not be construed as providing investment advice that is adapted to or appropriate for any particular investment strategy or portfolio. This report does not and shall not be construed as providing any recommendations as to whether it is appropriate for any person or entity to “buy”, “sell” or “hold” a particular investment.