

Most shorted ahead of earnings

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

- Canadian mortgage lender Home Capital has a third of shares sold short ahead of earnings
- Short interest in Tesla Motors reaches record levels ahead of anticipated Q4 results
- Markit Dividend Forecasting expects cut at Bilfinger, fourth most shorted ahead of earnings

North America

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Knowles Corp	Electronic Components	KN	02/11/2016	36.1	12%
Home Capital Group Inc	Thriffs & Mortgage Finance	HCG	02/10/2016	27.4	-3%
Ligand Pharmaceuticals Inc	Biotechnology	LGND	02/10/2016	26.6	10%
Tesla Motors Inc	Automobile Manufacturers	TSLA	02/10/2016	25.3	5%
Teck Resources Ltd	Diversified Metals & Mining	TCK.B	02/11/2016	25.3	10%
Precision Drilling Corp	Oil & Gas Drilling	PD	02/11/2016	22.9	32%
Fossil Group Inc	Apparel, Accessories & Luxury Goods	FOSL	02/09/2016	21.4	8%
Enanta Pharmaceuticals Inc	Biotechnology	ENTA	02/08/2016	19.3	3%
Zillow Group Inc	Internet Software & Services	ZG	02/11/2016	19.1	-5%
Monster Worldwide Inc	Internet Software & Services	MWW	02/11/2016	19.0	-4%
Verisign Inc	Internet Software & Services	VRSN	02/11/2016	18.8	0%
Lpl Financial Holdings Inc	Investment Banking & Brokerage	LPLA	02/11/2016	18.8	0%
Nu Skin Enterprises Inc	Personal Products	NUS	02/11/2016	18.4	-6%
Ellie Mae Inc	Application Software	ELLI	02/11/2016	17.7	3%
Demandware Inc	Internet Software & Services	DWRE	02/09/2016	17.3	-1%
Vishay Intertechnology Inc	Electronic Components	VSH	02/09/2016	17.1	8%
Bristow Group Inc	Oil & Gas Equipment & Services	BRS	02/08/2016	16.2	6%
Solarcity Corp	Electrical Components & Equipment	SCTY	02/09/2016	16.1	16%
Nordic American Tanker Ltd	Oil & Gas Storage & Transportation	NAT	02/08/2016	15.6	-3%
Arrowhead Research Corp	Biotechnology	ARWR	02/09/2016	15.3	5%

Most shorted ahead of earnings in North America is Knowles Corp with 36% of shares outstanding on loan. However the maker of electronic components recently **guided** revenue and margins higher.

Second most shorted is mortgage lender Home Capital Group who has seen short interest decline slightly to 27% of shares outstanding on loan. This is while the stock has fallen over 15% in the last three months. Home Capital **led the most shorted lenders** in Canada in late 2015. Short sellers continue to target the firm (and the Canadian property bubble) with demand to short remaining high with a cost to borrow currently above 5%.

Home Capital Group Inc



Third most shorted ahead of earnings is Ligand Pharmaceuticals with 26.6% of shares outstanding on loan. The stock has surged 70% in the last 12 months with short interest rising by 40%. Ligand's recent rally is against a backdrop of a continued strong sell off in US biotech stocks, with the sector attracting increased **scrutiny** from regulators in 2016.

Ligand Pharmaceuticals Inc



Fourth most shorted ahead of earnings, and the most shorted automaker globally is Tesla Motors with 25.3% of shares outstanding on loan. Results from Tesla are eagerly

anticipated after the company launched the Model X in the last quarter of 2015. However **many risks** have attracted short sellers with current levels hitting an all-time high short interest for the stock.

Tesla Motors Inc



Flsmidth & Co A/S



Shares in the printing services and equipment firm Heidelberg Druckmaschinen have fallen over 30% in the last three months, while short sellers have added 70% to positions with 17.6% of shares outstanding on loan.

Europe

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Flsmidth & Co A/S	Construction & Engineering	FLS	02/11/2016	20.7	4%
Heidelberg Druckmaschinen Ag	Industrial Machinery	HDD	02/10/2016	17.6	21%
Sbm Offshore Nv	Oil & Gas Equipment & Services	SBMO	02/10/2016	16.4	6%
Bilfinger Se	Diversified Support Services	GBF	02/11/2016	15.6	25%
Norwegian Air Shuttle Asa	Airlines	NAS	02/11/2016	14.5	27%
Outotec Oyj	Construction & Engineering	OTE1V	02/09/2016	13.8	-4%
Opera Software Asa	Internet Software & Services	OPERA	02/09/2016	13.4	14%
Nordic Semiconductor Asa	Semiconductors	NOD	02/12/2016	12.6	38%
Arcelormittal Sa	Steel	MT	02/12/2016	12.0	-13%
Edenred Sa	Diversified Support Services	EDEN	02/11/2016	11.8	13%
Ashmore Group Plc	Asset Management & Custody Banks	ASHM	02/11/2016	11.7	27%
Ssab Ab	Steel	SSAB A	02/12/2016	10.9	2%
Ica Gruppen Ab	Food Retail	ICA	02/10/2016	10.5	13%
Aperam Sa	Steel	APAM	02/10/2016	9.7	4%
Outokumpu Oyj	Steel	OUT1V	02/11/2016	9.2	-10%
Pkc Group Oyj	Electrical Components & Equipment	PKC1V	02/11/2016	8.3	13%
Tullow Oil Plc	Oil & Gas Exploration & Production	TLW	02/10/2016	8.0	74%
Gn Store Nord A/S	Health Care Equipment	GN	02/12/2016	7.8	-17%
Rolls-Royce Holdings Plc	Aerospace & Defense	RR	02/12/2016	7.7	16%
Rec Silicon Asa	Semiconductor Equipment	REC	02/12/2016	7.6	2%

Heidelberg Druckmaschinen Ag



Flsmidth is once again shorted ahead of earnings. However short interest has almost **doubled** since May 2015 with 20.7% of shares currently outstanding on loan. The Danish supplier of engineering and industrial equipment to the cement and mineral sectors has seen its stock decline 21% in the last 12 months.

Short interest in Bilfinger briefly spiked above 20% in the past few weeks, with shares outstanding on loan currently at 15.6%. The German civil and construction firm continues to struggle in the current environment and has issued six profit warnings since 2014. Markit **Dividend Forecasting** expects the company's dividend to be suspended this year, having been cut by a third last year.

Bilfinger Se



three months as the shares have rallied by 22%.

Jb Hi-Fi Ltd



Apac

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Klab Inc	Application Software	3656	02/08/2016	21.4	6%
Jb Hi-Fi Ltd	Computer & Electronics Retail	JBH	02/08/2016	14.4	-16%
Pacific Metals Co Ltd	Diversified Metals & Mining	5541	02/10/2016	13.4	7%
Sanrio Co Ltd	Specialty Stores	8136	02/10/2016	10.7	-5%
Sosei Group Corp	Pharmaceuticals	4565	02/10/2016	10.5	-2%
Ffi Inc	Systems Software	3692	02/10/2016	10.0	3%
Toda Kogyo Corp	Specialty Chemicals	4100	02/09/2016	8.8	17%
Hyundai Merchant Marine Co Ltd	Marine	011200	02/10/2016	8.1	13%
Pioneer Corp	Consumer Electronics	6773	02/09/2016	8.0	3%
Funai Electric Co Ltd	Consumer Electronics	6839	02/08/2016	7.9	14%
Tamron Co Ltd	Consumer Electronics	7740	02/09/2016	7.9	-8%
Jig-Saw Inc	Internet Software & Services	3914	02/12/2016	7.7	-27%
Sanyo Shokai Ltd	Apparel, Accessories & Luxury Goods	8011	02/12/2016	7.3	7%
Intage Holdings Inc	Advertising	4326	02/09/2016	7.3	-5%
Appbank Inc	Internet Retail	6177	02/12/2016	7.0	-21%
Fukuyama Transporting Co Ltd	Trucking	9075	02/09/2016	6.8	3%
Japan Display Inc	Electronic Components	6740	02/08/2016	6.8	36%
Thk Co Ltd	Industrial Machinery	6481	02/10/2016	6.8	53%
Tobishima Corp	Construction & Engineering	1805	02/10/2016	6.5	-7%
Aiful Corp	Consumer Finance	8515	02/10/2016	6.4	18%

Most shorted ahead of earnings in Apac is Japanese mobile game developer Klab Inc. Short interest has surged since the end of October 2015, currently reaching 21.4%, while shares in the firm have fallen 60% in the last six months.

Klab Inc



Second most shorted in Apac is Australian electronics retailer Jb Hi-Fi with 14.4% of shares outstanding on loan. Short sellers have covered positions by 23% in the last

Third most shorted is Pacific Metals with 13.4% of shares outstanding on loan. Shares in the Japanese maker of steel products have fallen by a third in the last 12 months as base commodities and steel prices continue to hover at decade lows.

Pacific Metals Co Ltd



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

For further information, please visit 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.