

Most shorted ahead of earnings

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

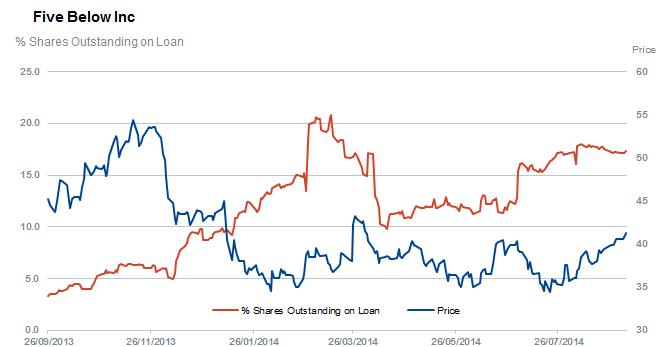
- Retailers continue to attract short sellers, making up ten of the 17 most heavily shorted companies announcing earnings this week
- Ashmore Group sees heavy short interest after disappointing investors last time it announced results
- Department store firm Mayer Holdings is the most shorted company announcing results in Asia, although it has seen shorts cover in recent weeks

North America

After taking a shortened week hiatus last week owing the tail end of the second quarter, earnings season continues this week. On the bearish side of the upcoming earnings announcements, there are 17 firms announcing results with more than 10% of their shares out on loan.

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Five Below Inc	Specialty Retail	FIVE	9/10/2014	17.4	-3%
Unilife Corp	Health Care Equipment & Supplies	UNIS	9/9/2014	17.1	2%
Vera Bradley Inc	Textiles, Apparel & Luxury Goods	VRA	9/10/2014	16.7	-3%
RadioShack Corp	Specialty Retail	RSH	9/10/2014	16.0	2%
Titan Machinery Inc	Trading Companies & Distributors	TITN	9/9/2014	15.2	8%
Wet Seal Inc	Specialty Retail	WTSL	9/10/2014	15.1	8%
Lands End Inc	Internet & Catalog Retail	LE	9/10/2014	14.6	13%
Delia'S Inc	Internet & Catalog Retail	DLIA	9/10/2014	13.8	8%
Restoration Hardware Holdings Inc	Specialty Retail	RH	9/10/2014	13.3	149%
Triangle Petroleum Corp	Oil, Gas & Consumable Fuels	TPLM	9/8/2014	12.9	-2%
Francesca'S Holdings Corp	Specialty Retail	FRAN	9/9/2014	12.0	0%
Transcontinental Inc	Commercial Services & Supplies	TCL.A	9/11/2014	11.5	11%
Reitmans Canada Ltd	Specialty Retail	RET.A	9/11/2014	11.1	6%
Miller Energy Resources Inc	Oil, Gas & Consumable Fuels	MILL	9/9/2014	10.8	-5%
Fuelcell Energy Inc	Electrical Equipment	FCEL	9/8/2014	10.7	-4%
Lululemon Athletica Inc	Textiles, Apparel & Luxury Goods	LULU	9/11/2014	10.7	4%
Peregrine Pharmaceuticals Inc	Biotechnology	PPHM	9/9/2014	10.3	-4%

Short sellers continue to disproportionately target retailers and consumer focused companies this earnings season. To this end, ten of the 17 heavily shorted firms announcing earnings this week are from the retail universe. This behaviour will no doubt be encouraged further if the latest US Commerce Department figures are anything to go by as US consumer spending fell in July.

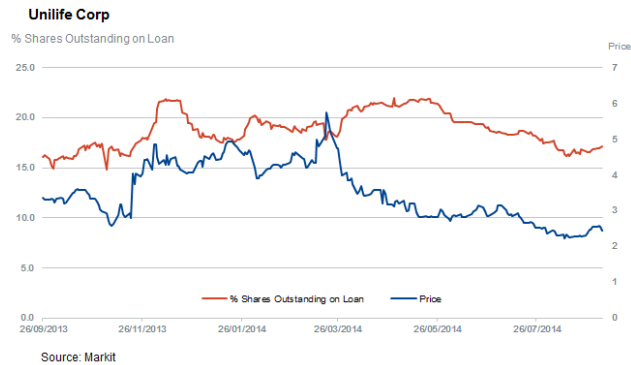


Source: Markit

Also heavily shorted in the pure retail space is RadioShack which has seen its shares fluctuate over the last couple of weeks as investors speculate about the firm's eminent survival prospects. Wet Seal comes sees itself as the third most shorted firm after its ceo stepped down after its shares fell by over 60% since January.

Retailers are not the only firms with heavy exposure to consumer spending targeted by short sellers. To this end, we see heavy, although falling, demand to borrow shares in both Vera Bradley and LuluLemon Athletica.

Looking beyond retail, Unilife, which is looking to develop new drug delivery systems and which was tagged with a "going concern" flag by its auditor last year, sees the second largest proportion of shares out on loan ahead of earnings. Unilife shares have halved since the start of the year and though shorts look to have taken some profit off the table in the last couple of months, the firm still sees over four fifths of all available shares out on loan to short sellers.

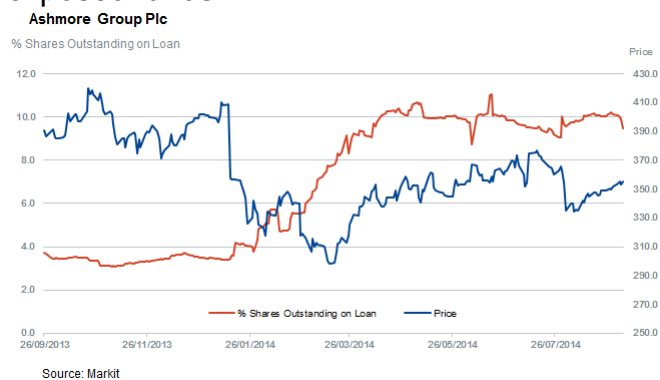


Europe

Europe sees light earnings activity next week with only four firms seeing 3% or more of their shares out on loan ahead of results.

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Ashmore Group Plc	Capital Markets	ASHM	9/10/2014	9.5	-3%
Wm Morrison Supermarkets Plc	Food & Staples Retailing	MRW	9/8/2014	9.1	18%
Sas Ab	Airlines	SAS	9/9/2014	6.2	-4%
African Minerals Ltd	Metals & Mining	AMI	9/10/2014	5.1	-9%

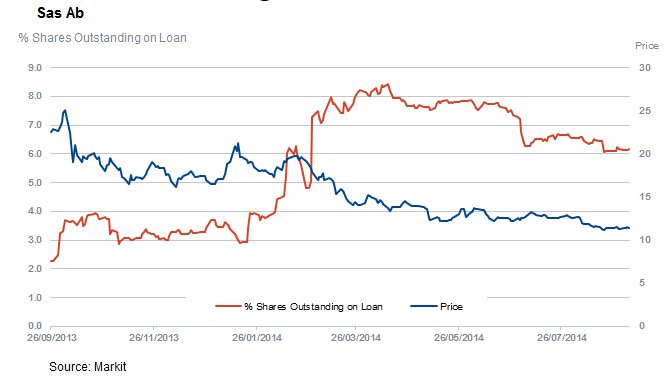
UK fund manager Ashmore group sees itself as the most shorted European company announcing results next week with 9.5% of shares out on loan. The company has seen shorts circle since January after it announced large redemptions in its emerging market exposed funds.



UK firm Morrison's has also seen a large surge in shorts over the last few weeks as industry heavyweight Tesco announced its intention to aggressively compete on price in order to win back market share. Morrison's shares have also taken a hit in the wake of these developments, falling by over 5%.

Outside of the UK, Scandinavian airline SAS continues to see heavy short interest as its

current competitive joust with regional upstart Norwegian Air Shuttle (NAS) has forced it to cut fares in order to compete with NAS's lower cost offering.



Asia

Asia also sees relatively low earnings activity with seven firms seeing more than 3% of shares out on loan ahead of earnings.

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Myer Holdings Ltd	Multiline Retail	MYR	9/11/2014	11.4	-24%
Liongold Corp Ltd	Metals & Mining	A78	9/10/2014	4.7	0%
Ateam Inc	Internet Software & Services	3662	9/12/2014	4.5	-1%
Askul Corp	Internet & Catalog Retail	2678	9/12/2014	4.1	-24%
Freebit Co Ltd	Diversified Telecommunication Service	3843	9/12/2014	3.5	61%

Retailer Myer Holdings comes in as the most shorted company in the region with 11.4% of shares out on loan, over twice that of the second most borrowed name announcing results next week. This heavy demand to borrow shares in the retailers comes as the broader Australian retail sector suffers from gloomy consumer sentiment which has the company set to post a fall in revenue from last year's total, according to analyst estimates.

Singapore firm Liongold comes in as the second most shorted company in Asia with 4.7% of shares out on loan, a figure not seen since its shares tumbled a year ago.

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