

Most shorted ahead of earnings

Friday, March 3rd 2017

We reveal how short sellers are positioning themselves in companies announcing earnings in the coming week

- Lgi Homes is the most shorted company announcing earnings next week
- UK firms make up over half of the heavily shorted European firms
- Gumi sees short sellers cover after its shares nearly double

North America

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Lgi Homes Inc	Household Durables	LGIH	3/7/2017	31.3	-4%
Hibbett Sports Inc	Specialty Retail	HIBB	3/10/2017	23.4	-20%
Cara Therapeutics Inc	Biotechnology	CARA	3/9/2017	19.6	-3%
Buckle Inc	Specialty Retail	BKE	3/10/2017	18.4	3%
Baytex Energy Corp	Oil, Gas & Consumable Fuels	BTE	3/7/2017	17.1	5%
Sunrun Inc	Electrical Equipment	RUN	3/8/2017	17.1	-9%
Plug Power Inc	Electrical Equipment	PLUG	3/9/2017	16.5	4%
Renewable Energy Group Inc	Oil, Gas & Consumable Fuels	REGI	3/7/2017	16.4	12%
Jones Energy Inc	Oil, Gas & Consumable Fuels	JONE	3/8/2017	15.7	0%
Zumiez Inc	Specialty Retail	ZUMZ	3/9/2017	15.1	12%
Mgp Ingredients Inc	Beverages	MGPI	3/8/2017	15.1	1%
Ascena Retail Group Inc	Specialty Retail	ASNA	3/6/2017	15.1	22%
Teligent Inc	Pharmaceuticals	TLGT	3/7/2017	15.0	-2%
Sucampo Pharmaceuticals Inc	Pharmaceuticals	SCMP	3/8/2017	14.1	20%
Neophotonics Corp	Semiconductors & Semiconductor Equ	NPTN	3/7/2017	14.0	24%
Advaxis Inc	Biotechnology	ADXS	3/10/2017	14.0	13%

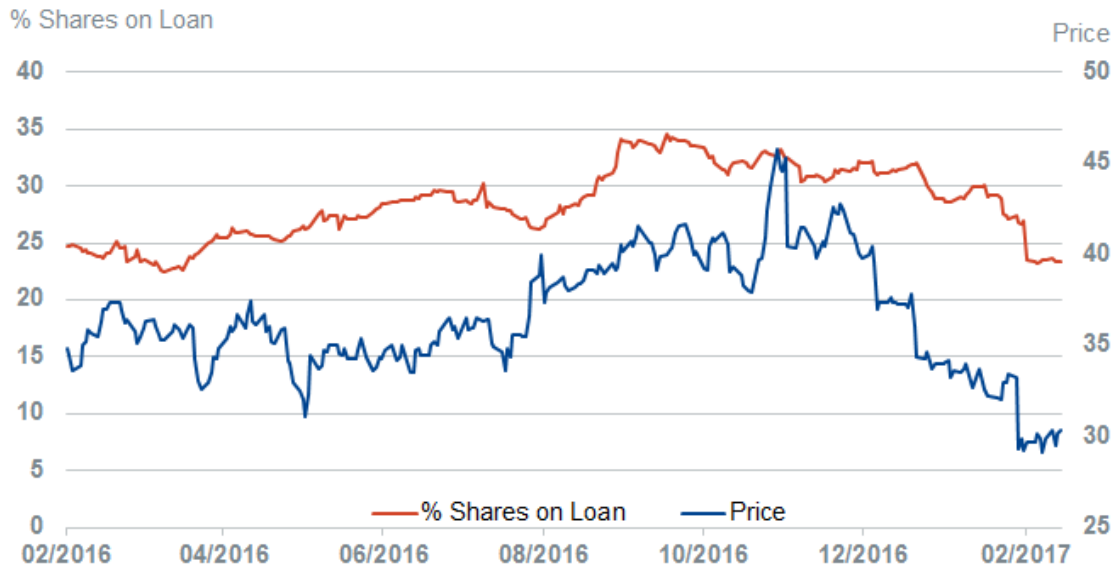
The highest conviction short play announcing earnings next week is US homebuilder LGI Homes which has just over 31% of its shares out on loan. While the company relies on convertible bonds as part of its capital structure, which could be driving demand to borrow its shares higher, the current short interest is much higher than what would be expected from investors delta hedging their corporate bond exposure. This indicates that a portion of the short base is directionally driven.

Retailers also feature heavily among next week's list of heavily shorted stocks with specialty bricks and mortar and stores which are coming off a tough holiday shopping period which has seen many of their peers post disappointing results.

This week's favorite retail short is sportswear retailer Hibbett Sports which has 23% of its shares out on loan to short sellers. Hibbett enjoyed a revival in its share price last year after several of its competitors went bankrupt. Short sellers never really

believed in the rally as Hibbett's short interest continued to climb while its shares rallied. This skepticism has since been vindicated as the company's shares have gone on to lose over a quarter of their value from the recent highs registered in December. This retreat in Hibbett's share price has picked up pace in recent weeks since the firm's management released some downbeat preliminary earnings.

Hibbett Sports Inc



Source: IHS Markit

The other high conviction retail shorts announcing earnings next week are Buckle, Zumiez and Ascena Retail which all have at least 15% of their shares on loan.

Another firm to watch out for is Neophotonics which has seen its short interest surge by a quarter in the last month to an all-time high 14% of its shares outstanding.

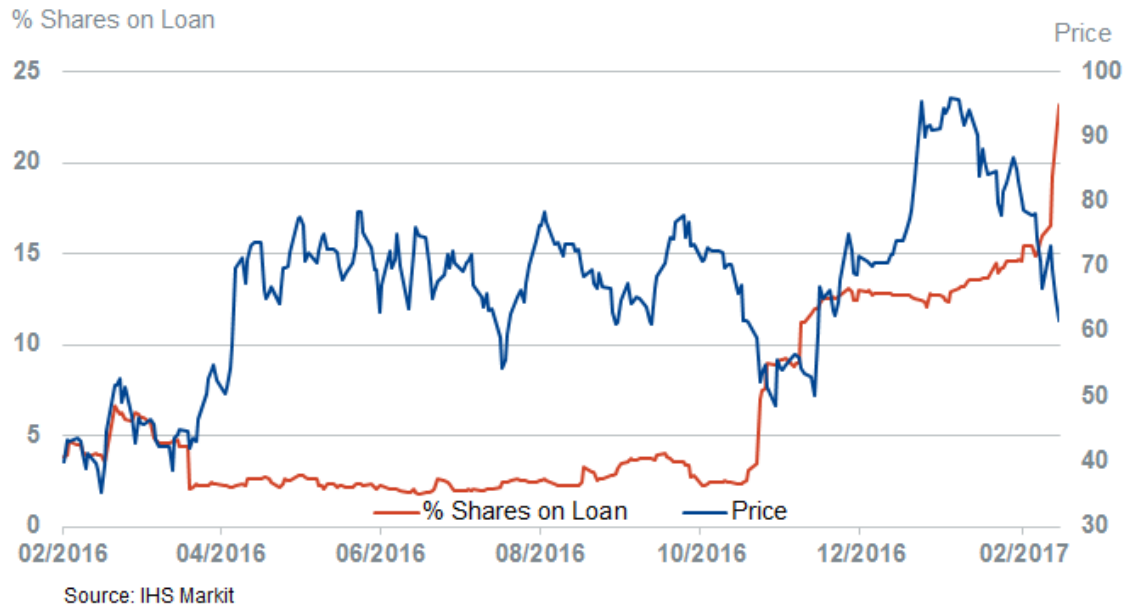
Europe

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Premier Oil Plc	Oil, Gas & Consumable Fuels	PMO	3/9/2017	23.2	69%
Wm Morrison Supermarkets Plc	Food & Staples Retailing	MRW	3/9/2017	13.7	-2%
Aggreko Plc	Commercial Services & Supplies	AGK	3/7/2017	9.0	-12%
Sas Ab	Airlines	SAS	3/8/2017	7.8	9%
Carrefour Sa	Food & Staples Retailing	CA	3/9/2017	7.3	6%
Restaurant Group Plc	Hotels, Restaurants & Leisure	RTN	3/9/2017	7.3	4%
Morphosys Ag	Life Sciences Tools & Services	MOR	3/9/2017	7.3	-8%
Azimut Holding Spa	Capital Markets	AZM	3/9/2017	7.0	-7%
Countrywide Plc	Real Estate Management & Development	CWD	3/9/2017	6.7	-11%
J D Wetherspoon Plc	Hotels, Restaurants & Leisure	JDW	3/10/2017	6.7	2%
Hugo Boss Ag	Textiles, Apparel & Luxury Goods	BOSS	3/9/2017	6.5	1%
Santhera Pharmaceuticals Holding	Biotechnology	SANN	3/7/2017	6.2	-25%
Casino Guichard Perrachon Sa	Food & Staples Retailing	CO	3/7/2017	5.8	6%
Inmarsat Plc	Diversified Telecommunication Services	ISAT	3/8/2017	5.8	22%
Ultra Electronics Holdings Plc	Aerospace & Defense	ULE	3/6/2017	5.6	10%

UK firms make up over half of the next week's most heavily shorted companies announcing earnings.

Premier Oil leads the pack as it has over 23% of its shares out on loan. Ironically the high demand to borrow Premier shares may be a positive sign for the company as the large increase seen in the last few weeks coincided with news that the company is looking to restructure its debt. The subsequent 69% increase in Premier's short interest could actually indicate that investors are hedging themselves ahead of a debt for equity swap.

Premier Oil Plc



The other high conviction short play announcing earnings this week is supermarket firm WM Morrison which has just under 14% of its shares shorted. While still high, the demand to borrow Morrison shares has fallen drastically in recent weeks after the firm posted better than expected results.

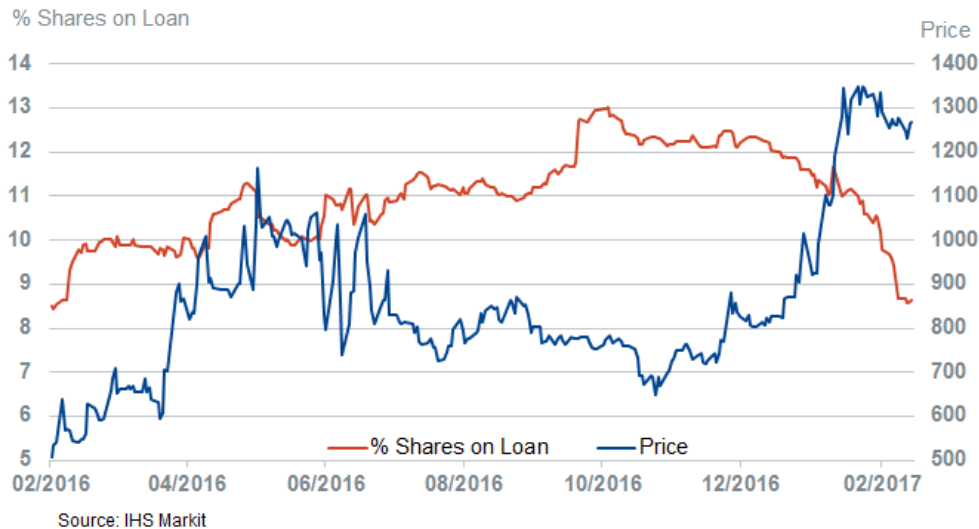
Supermarket short sellers aren't limited to the British isle as French supermarket firms Carrefour and Casino have 7.3 and 5.8% of their shares out on loan respectively.

Asia

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Cj Korea Express Corp	Road & Rail	000120	3/10/2017	21.9	1103%
Morpho Inc	Software	3653	3/10/2017	12.0	-6%
Gumi Inc	Software	3903	3/10/2017	8.7	-22%
Asukanet Co Ltd	Commercial Services & Supplies	2438	3/8/2017	8.6	38%
Kumho Petro Chemical Co Ltd	Chemicals	011780	3/10/2017	6.9	27%
Gold Road Resources Ltd	Metals & Mining	GOR	3/10/2017	6.5	5%
Gs Engineering & Construction Co	Construction & Engineering	006360	3/10/2017	6.0	-11%
Motech Industries Inc	Semiconductors & Semiconductor Equ	6244	3/7/2017	5.8	-3%
Pax Global Technology Ltd	Electronic Equipment, Instruments & C	327	3/8/2017	5.7	-5%
Karoon Gas Australia Ltd	Oil, Gas & Consumable Fuels	KAR	3/7/2017	5.5	-6%
Cosmax Inc	Personal Products	192820	3/9/2017	5.4	-16%
Samsung Engineering Co Ltd	Construction & Engineering	028050	3/8/2017	5.4	-9%
China Lotsynergy Holdings Ltd	Hotels, Restaurants & Leisure	1371	3/10/2017	5.2	68%

Japanese software firms have been the high conviction play in Asia and this week is no exception as Morpho and Gumi top the list of heavily shorted firms announcing earnings in the region. The latter of the two has seen a sharp decrease in short interest after its shares nearly doubled over the last three months.

Gumi Inc



Australian small caps, which were a key focus among the firms announcing earnings last week, also feature on this week's list of high conviction short as gold miner Gold Road Resources has over 6% of its shares out on loan.

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