

Most shorted ahead of earnings

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

- Leveraged frackers see short sellers retreat amid oil's recent price recovery
- But biofuel producer Pacific Ethanol sees renewed shorting activity amid expansion
- Japanese watch maker Casio remains the most shorted in Apac

North America

Name	Industry	Ticker	Earnings Date	% Shares On Loan	1 Month Change
Comstock Resources Inc	Oil & Gas Exploration & Production	CRR	11/05/2015	28.3	-5%
Penn Virginia Corp	Oil & Gas Exploration & Production	PVA	11/05/2015	23.8	-10%
Pacific Ethanol Inc	Oil & Gas Refining & Marketing	PEI	11/05/2015	21.3	20%
J.C. Energy Company Inc	Department Stores	JCP	06/05/2015	21.3	-1%
Ligand Pharmaceuticals Inc	Biotechnology	LIGD	11/05/2015	21.8	-5%
Magnum Hunter Resources Corp	Oil & Gas Exploration & Production	MHR	11/05/2015	19.2	-8%
Clean Energy Fuels Corp	Oil & Gas Refining & Marketing	CLNE	11/05/2015	18.7	-8%
Pharos Oilfield Plc	Oil & Gas Drilling	PGH	18/05/2015	18.8	10%
Pacific Rubiate Energy Corp	Oil & Gas Exploration & Production	PRE	18/05/2015	18.1	-10%
Omnics Corp	Pharmaceuticals	OMER	11/05/2015	17.8	-4%
Silgan Activewear Inc	Apparel, Accessories & Luxury Goods	SIL	15/05/2015	17.2	23%
Duke Media Ltd	Media & Entertainment	DMSB	15/05/2015	16.7	88%
Arrowhead Research Corp	Biotechnology	ARWR	11/05/2015	15.7	-3%
Moderna International Inc	Oil & Gas Equipment & Services	MDR	11/05/2015	15.6	-7%
Stratus Ltd	Technology Hardware, Storage & Peripherals	SSYS	11/05/2015	14.3	-20%
Depomed Inc	Pharmaceuticals	DEPO	11/05/2015	14.6	7%
Idera Pharma Inc	Biotechnology	IDTA	16/05/2015	14.3	15%
Zogenix Inc	Pharmaceuticals	ZOGR	11/05/2015	13.6	-14%
Unilever Corp	Health Care Supplies	UNG	11/05/2015	13.1	-13%
Genzyme Pharmaceuticals Inc	Biotechnology	SGYP	18/05/2015	13.5	-18%

Oil & gas stocks in North America continue to be among the most shorted ahead of earnings even as WTI prices continue to rally and are up by almost 20% since the beginning of March.

Financially geared alternative oil & gas producers Comstock Resources and Penn Virginia group have 28% and 23% of shares outstanding on loan respectively. Both companies have however seen short sellers cover positions in recent weeks as oil prices increased.

Investors in energy companies might be consoled by the recent rally in the oil price, but earnings forecasts and market sentiment overall remain negative. More turbulent times may lie ahead for bond and equity investors, particularly in the fracking industry.

Consensus analyst forecasts for Comstock expect a 40% decline in full year revenues and a tripling of last year's net losses with a

per share estimated loss for the first quarter of \$0.91 and \$4.24 for the full year. Shares in the company have already decreased by 82% in the last 12 months.

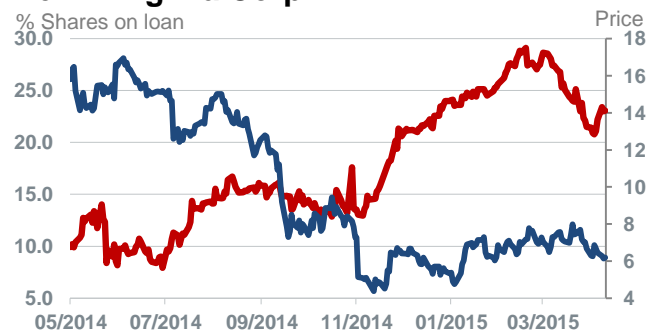
Comstock Resources Inc



Source: Markit

With similar exposure to oil & gas assets Penn Virginia continues to see high levels of shorting activity, but has seen short interest retreat from highs close to 30% reached in mid-March, down to 23% currently.

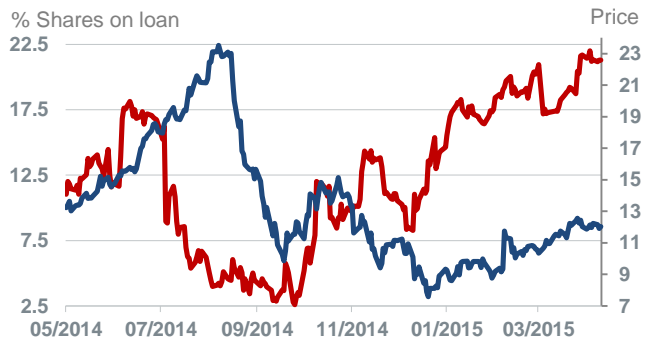
Penn Virginia Corp



Source: Markit

Pacific Ethanol is the third most shorted company in the run-up to earnings with a 20% increase in shares outstanding on loan over the last month. The low carbon grain-to-fuel producer has seen its share price tumble in line with gas prices and has seen shares outstanding on loan increase to 21%. Its share price has rallied 8% in the last month as oil rebounded.

Pacific Ethanol Inc



Source: Markit

After successfully restructuring **post-bankruptcy** filing in 2009, Pacific Ethanol generated record sales of more than \$1bn in 2014. Relatively better capitalised than its fracking short sold peers, the firm recently **acquired** competitor Aventin, doubling capacity and increasing its footprint across the US.

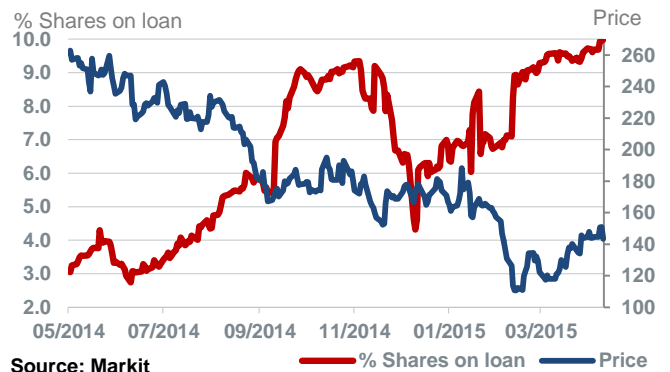
Western Europe

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Banca Monte Dei Paschi Di Siena SpA	Diversified Banks	BNPS	11/05/2015	12.6	18%
Fluorip & Co AS	Construction & Engineering	FLS	11/05/2015	11.1	-13%
Spate Software Asia	Internet Software & Services	SPESA	11/05/2015	10.3	3%
Melia Hotels International Sa	Hotels, Resorts & Cruise Lines	MEL	11/05/2015	10.1	20%
Luxottica Plc	Recreational Goods	LUX	11/05/2015	10.0	4%
Lagardere Snc	Publishing	LMR	11/05/2015	12.6	132%
Obrascon Huarte Lain Sa	Construction & Engineering	OHL	11/05/2015	8.4	-5%
Autoliv SpA	Construction & Engineering	AUT	11/05/2015	8.4	-2%
Talpa Telecom Group Plc	Alternative Carriers	TALP	11/05/2015	8.2	-13%
Sina Solar Technology Ag	Semiconductor Equipment	SSE	11/05/2015	8.0	-4%
Quc Ag	Alternative Carriers	QUC	11/05/2015	7.8	12%
Shirex Curatel SpA	Textiles	SC	11/05/2015	7.8	4%
Yara SpA	Internet Retailer	YOCF	11/05/2015	7.9	-41%
Mare Technost SpA	Construction & Engineering	MT	11/05/2015	6.9	0%
Distribuzione Internazionale Da Alimentazione Sa	Hypermarkets & Super Centers	DA	11/05/2015	7.3	36%
Dampskovsøstabel Norden AS	Marine	DNOR	11/05/2015	6.9	-7%
Plangit & C Spa	Metallics Manufacturers	PIA	11/05/2015	6.6	-3%
Indy Systems Sa	IT Consulting & Other Services	IDR	11/05/2015	6.3	45%
Cellcast Ag	Wireless Telecommunication Services	CR	11/05/2015	6.8	100%
Offshore Connectors Sa	Personal Products	CR IDE	11/05/2015	6.6	-13%

Italian bank Monte Dei Pashi Di Siena is the most shorted ahead of earnings this week in Europe with 12.6% of shares outstanding on loan.

LSE-listed South African platinum producer Lonmin has seen short sellers continue to build positions as the persistence of low platinum prices has **forced** the company to restructure and downsize. Shares outstanding on loan have breached 10% for the first time since the Marikana **tragedy** in 2012.

Lonmin Plc

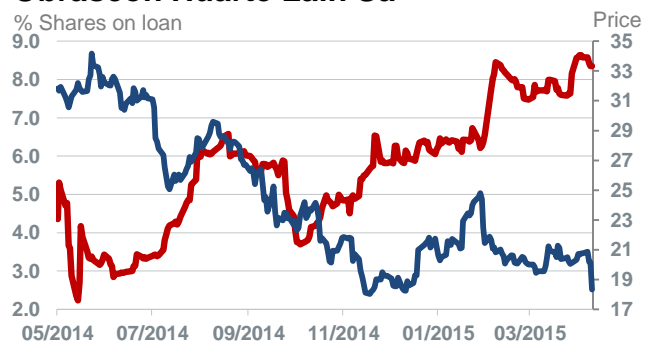


Source: Markit

Flsmidth, Danish supplier of engineering and industrial equipment into the cement and mineral sectors has seen its share price rise and decline by ~15%. Shares outstanding on loan have continued to decrease year to date (ytd) by 30% to 11%, but remain at relatively high levels.

Two European infrastructure construction firms; Spanish group Obrascon and Italian Astaldi, have seen increased shorting activity in recent months despite positive sales and earnings growth expected. Shares outstanding on loan have increased to 8.4% for both Obrascon and Astaldi.

Obrascon Huarte Lain Sa



Source: Markit

Both stocks declined by a third in 2014 but ytd, Astaldi has risen by 55% while shares in Obrascón have remained relatively flat.

Astaldi Spa

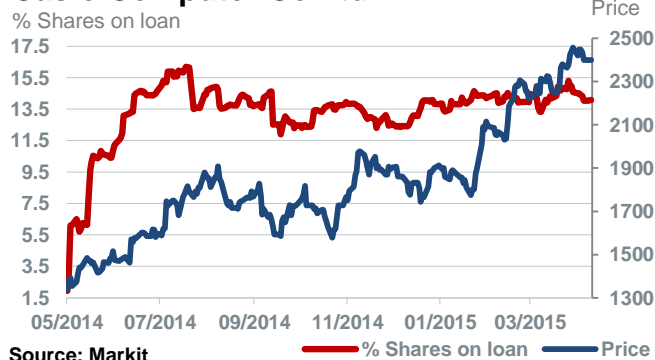


Asia Pacific

Name	Industry	Ticker	Emerging Date	% Shares Outstanding On Loan	1 Month Change
Banca Monte Dei Paschi Di Siena Spa	Diversified Banks	BSPS	11/05/2015	52.8	18%
Fluoroh & Co AG	Construction & Engineering	FLS	11/05/2015	11.1	-12%
Opus Software Asia	Internet Software & Services	OPERA	11/05/2015	10.5	5%
Melia Hotels International Sa	Hotels, Resorts & Cruise Lines	MEL	11/05/2015	10.4	20%
Loxstedt Plc	Process Metals & Minerals	LM	11/05/2015	10.2	-4%
Obrascón Huarte Lain Sa	Construction & Engineering	OHL	11/05/2015	9.4	-5%
Antalis Spa	Construction & Engineering	AST	11/05/2015	9.4	2%
Teklyn Telecom Group Plc	Alternative Carriers	TAJW	11/05/2015	9.2	-12%
Siras Solar Technology Ag	Semiconductor Equipment	SSZ	11/05/2015	9.0	-4%
Oci Ag	Alternative Carriers	QSC	11/05/2015	7.8	12%
Shawco Curatelli Spa	Textiles	SC	11/05/2015	7.8	-4%
Yoco Spa	Internet Retailer	YOCO	11/05/2015	7.5	-41%
Mawi Tecnomat Spa	Construction & Engineering	MT	11/05/2015	6.9	0%
Construtora Interconstrutora De Alvenareson Sa	Hypertexts & Super Centers	CA	11/05/2015	7.3	36%
Danone Waters of North America Inc	Beverage	DWRO	11/05/2015	6.9	-3%
Pluggin & C Sa	Motorcycle Manufacturers	PSA	11/05/2015	6.6	3%
Isaka Software Sa	IT Consulting & Other Services	ISR	11/05/2015	6.3	40%
Cellnex Ag	Wireless Telecommunication Services	CR	11/05/2015	6.8	100%
Orfina Cosmetics SpA	Personal Products	ORF	11/05/2015	6.6	-17%
Tolln Spa	Footwear	TOO	11/05/2015	6.3	12%

Short interest **remains** high in consumer electronics maker Casio. The company has continued to rally after posting consecutive quarterly earnings growth, with full year earnings (ending March 2015) expected to increase by an impressive 68%.

Casio Computer Co Ltd



Orica, the largest supplier of commercial explosives to the Australian mining industry, has seen a steady increase in short interest throughout the year as shares outstanding on loan reached 13%. The slump in basic resources and continued lower iron ore prices continues to impact the mining industry.

Orica Ltd



Korean manufacturer of a wide variety of industrial chemical products Oci Co, has seen shares decline by 44% in the last year. Shares have recovered in 2015 but have attracted renewed short interest ytd with shares outstanding on loan increasing by 66% to 8.7%.

Oci Co Ltd



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