

Most shorted ahead of earnings

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

- Retailers heavily represented among firms seeing high short interest leading up to earnings
- WireCard sees heavy covering as its shares recover from recent activist short campaign
- Hotel Shilla continues to see high short interest as it struggles with its duty free business

North America

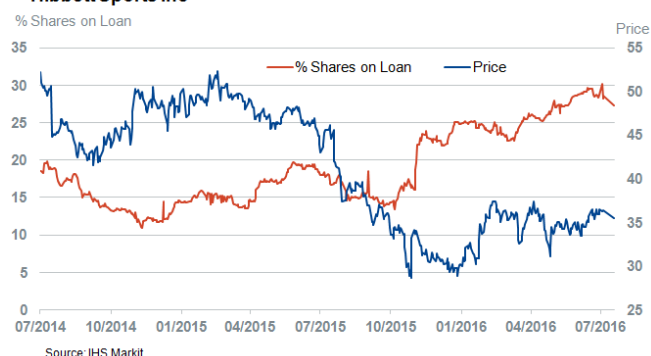
Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Hibbett Sports Inc	Specialty Retail	HIBB	8/19/2016	27.3	-5%
Stage Stores Inc	Specialty Retail	SSI	8/18/2016	26.4	3%
Immunomedics Inc	Biotechnology	IMMU	8/19/2016	19.8	10%
Buckle Inc	Specialty Retail	BKE	8/19/2016	19.2	-4%
Devry Education Group Inc	Diversified Consumer Services	DV	8/18/2016	14.6	8%
Avigilon Corp	Electronic Equipment, Instruments & CAVO	AVO	8/15/2016	14.4	0%
American Eagle Outfitters Inc	Specialty Retail	AEO	8/17/2016	14.4	7%
Williams-Sonoma Inc	Specialty Retail	WSM	8/18/2016	13.9	1%
Jinkosolar Hldg Adr Rep 4 Ord	Semiconductors & Semiconductor Eq	JKS	8/18/2016	12.1	7%
America'S Car-Mart Inc	Specialty Retail	CRMT	8/18/2016	11.6	-18%
Canadian Solar Inc	Semiconductors & Semiconductor Eq	CSIQ	8/18/2016	11.0	15%
Accuray Inc	Health Care Equipment & Supplies	ARAY	8/17/2016	10.7	-8%
Tina Solar Adr Reptg 50 Ord	Semiconductors & Semiconductor Eq	TSL	8/16/2016	9.7	-21%
Gap Inc	Specialty Retail	GPS	8/18/2016	9.3	-3%
Childrens Place Inc	Specialty Retail	PLCE	8/17/2016	9.3	-13%
Briggs & Stratton Corp	Machinery	BGG	8/17/2016	9.2	-10%
Eros International Plc	Media	EROS	8/18/2016	9.0	-8%
Cree Inc	Semiconductors & Semiconductor Eq	CREE	8/16/2016	9.0	-10%

Retailers are a main theme across the heavily shorted firms announcing results this week with eight firms seeing more than nine percent of their shares shorted in the run-up to earnings. While overall US retail spending has proved relatively buoyant in recent months, the hypercompetitive nature of the sector has seen several of the sector's stalwarts, most notably specialized retailers, come under increased pressure from short sellers as they struggle to address online competition and shifting consumer tastes.

This week's heavily shorted retailer pack is led by Hibbett Sports which has over a quarter of its shares shorted. Hibbett's and its bricks and mortars sporting goods peers have suffered from a fall in footfall as consumers and sports brands shift operations online. This has led to a slew of closing and bankruptcies in the sector with Sports Authority being the highest profile casualty. These bankruptcies do offer a bit of a silver lining however, as surviving firms stand to

benefit from a narrowed field of competitors. These dynamics have seen shares in Hibbett rebound from their earlier lows but short sellers seem happy to ride the recent rebound as demand to short its shares has only gone down by a tenth from the recent yearly high.

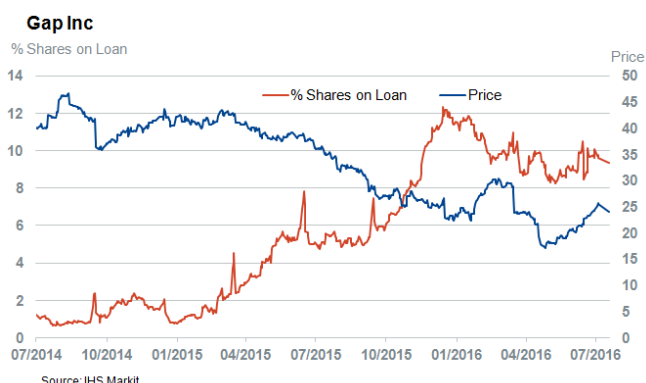
Hibbett Sports Inc



The ever hypercompetitive clothing and fashion world also features heavily in the most shorted ahead of earnings and Stage Stores sees itself as the second most firm announcing earnings this week.

Other fashion players include American Eagle which has 14.4% of its shares shorted, Children's Place with 9% and perhaps most notably Gap which also has 9% of its shares shorted. The latter of the three already show a lacklustre sales guidance which revealed a 2% like for like sales decline which sent its shares down sharply.

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Another key focus of this week's most shorted ahead of earnings are solar firms with three firms making the heavily shorted screen. Solar short sellers were vindicated last week when fellow solar firm Sunpower announced that business had weakened after an extension of solar subsidies reduced the urgency to complete solar projects which in turn sent its shares down by a third.

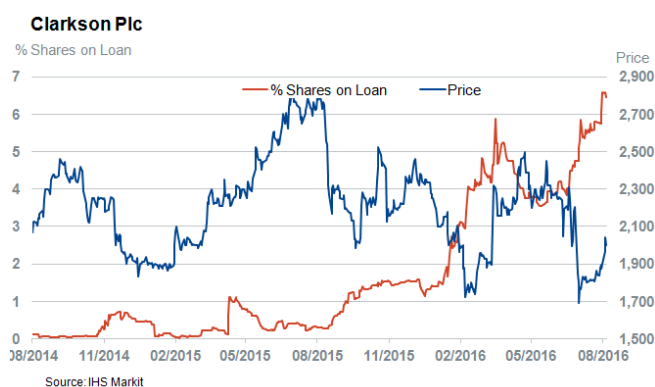
The solar shares to watch this week will be Jinkosolar, Canadian Solar and Trina Solar. Trina is the only one of the three to have seen covering in the lead-up to earnings as its current short interest stands a fifth lower than a month ago.

Europe

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Basilea Pharmaceutica Ag	Biotechnology	BSLN	8/15/2016	18.2	-3%
Wirecard Ag	IT Services	WDI	8/17/2016	12.5	-24%
Evolva Holding Sa	Chemicals	EVE	8/18/2016	11.3	-13%
Bavarian Nordic A/S	Biotechnology	BAVA	8/17/2016	11.2	6%
Meyer Burger Technology Ag	Semiconductors & Semiconductor Eq.	MBTN	8/17/2016	10.6	-10%
Koninklijke BAM Groep Nv	Construction & Engineering	BAMNB	8/18/2016	9.5	12%
Antofagasta Plc	Metals & Mining	ANTO	8/16/2016	7.7	3%
Ica Gruppen Ab	Food & Staples Retailing	ICA	8/17/2016	7.0	-8%
Marine Harvest Asa	Food Products	MHG	8/18/2016	6.7	-1%
Clarkson Plc	Marine	CKN	8/15/2016	6.5	17%
William Demant Holding A/S	Health Care Equipment & Supplies	WDH	8/17/2016	5.9	14%
Delta Lloyd Nv	Insurance	DL	8/17/2016	4.9	-19%
Raiffeisen Bank International Ag	Banks	RBI	8/18/2016	4.8	4%
Siegfried Holding Ltd	Life Sciences Tools & Services	SFZN	8/19/2016	4.7	-5%
Swisscom Ag	Diversified Telecommunication Service	SCMN	8/18/2016	4.4	-2%
Oriflame Holding Ag	Personal Products	ORI	8/16/2016	4.4	-9%
Ascom Holding Ag	Communications Equipment	ASCN	8/17/2016	4.3	8%
Dno Asa	Oil, Gas & Consumable Fuels	DNO	8/18/2016	4.1	18%

Basilea Pharmaceutica is the most shorted European company announcing earnings this week with 18.2% of its shares shorted.

The most notable change in shorting activity in the lead-up to earnings was seen in German payment processor Wirecard which has seen its short interest shrink by a quarter in the month leading up to earnings. Wirecard was the target of an activist short Zatarra Research which accused the firm of engaging fraudulent practices as well as money laundering. Short sellers initially benefited as Wirecard shares slid by a third, but they have since gone on to recover most of their lost ground which has seen a growing number of bearish investors capitulate as their once winning trade turned sour. The most recent bout of short covering means that the current 12.5% of Wirecard shares shorted is roughly half that of its recent yearly highs.

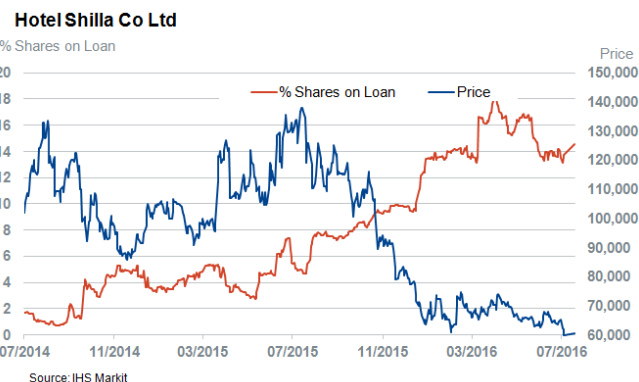
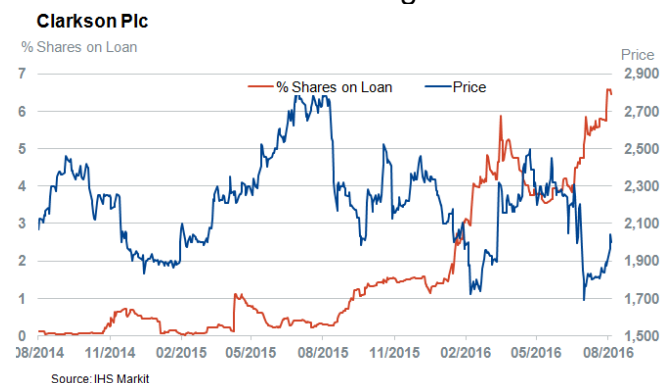


Antofagasta sees the most demand from short sellers out of any UK firms announcing earnings this week with 7.7% of its shares now out on loan. Copper, which is the miner's main commodity has not proved to be as resilient as other industrial metals since the start of the year as it has largely failed to recover from last year's 25% fall. This has in turn emboldened short sellers as Antofagasta short interest now stands at the highest in three years.

Another developing short position off the back of slowing global trade is shipping firm Clarkson. The firm **announced** that its 2016 profits would be "materially lower" due to uncertainty in freight rates and depressed offshore oil volumes. This has led to a surge

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in short interest with current demand to borrow now at an all-time high.



Hanatour, another duty free operator also makes the list as 8% of its shares are currently shorted.

Apac

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Hotel Shilla Co Ltd	Specialty Retail	008770	8/16/2016	14.5	7%
Oci Co Ltd	Chemicals	010060	8/16/2016	14.3	4%
Cover-More Group Ltd	Insurance	CVO	8/19/2016	13.8	10%
Samsung Heavy Industries Co Ltd	Machinery	010140	8/16/2016	12.5	0%
Gs Engineering & Construction Co	Construction & Engineering	006360	8/16/2016	10.0	-4%
Gintech Energy Corp	Semiconductors & Semiconductor Eq.	3514	8/15/2016	9.7	1%
Greenpeptide Co Ltd	Biotechnology	4594	8/15/2016	9.2	-5%
Gome Electrical Appliances Holdir	Specialty Retail	493	8/15/2016	8.1	12%
Invocare Ltd	Diversified Consumer Services	IVC	8/16/2016	8.0	-7%
Yanzhou Coal Mining Co Ltd	Oil, Gas & Consumable Fuels	1171	8/15/2016	7.6	-5%
Ansell Ltd	Health Care Equipment & Supplies	ANN	8/15/2016	7.8	31%
Hanatour Service Inc	Hotels, Restaurants & Leisure	039130	8/16/2016	7.7	15%
Aluminum Corp Of China Ltd	Metals & Mining	2600	8/18/2016	7.4	-12%
Acer Inc	Technology Hardware, Storage & Perip	2353	8/15/2016	7.7	-6%

Short interest among Asian firms announcing earnings this week is led by Hotel Shilla which operates hotels and duty free outlets in South Korea. The latter of the two businesses seems to be the main catalyst for bearish investor sentiment as Hotel Shilla is **facing** stiff competition from a slew of upstarts as the Korean government opened up the sector. This competition has led to a shrinking of margins in the sector as the competitors battle for business which has led Shilla to issue its seventh straight quarterly earnings miss.

Asian short sellers are also playing the solar trade as Gintech Energy has seen its short interest more than double in recent weeks to just under 10% of shares outstanding.

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