

Most shorted ahead of earnings

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

- Sanderson Farms holds on to its top short position among poultry stocks worldwide
- Short sellers bet on Blackberry's demise as the firm continues to struggle
- Imagination Technologies and Choada Modern are the most significant shorts in Europe and Japan

Topping this week's list of shorted shares in North America is poultry group Sanderson Farms.

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Sanderson Farms Inc	Packaged Foods & Meats	SAFM	18/12/2014	37.2	16%
Kb Home	Homebuilding	KBH	19/12/2014	17.8	3%
Bio-Reference Laboratories Inc	Health Care Services	BRLI	18/12/2014	14.7	-13%
Sandridge Energy Inc	Oil & Gas Exploration & Production	SD	18/12/2014	14.2	-5%
Carmax Inc	Automotive Retail	KMX	19/12/2014	11.0	-5%
Fuelcell Energy Inc	Electrical Components & Equipment	FCEL	15/12/2014	10.7	4%
Blackberry Ltd	Technology Hardware, Storage & Peripherals	BB	19/12/2014	9.8	12%
Joy Global Inc	Construction Machinery & Heavy Trucks	JOY	17/12/2014	8.9	-9%
Factset Research Systems Inc	Application Software	FDS	16/12/2014	8.3	-20%
Navistar International Corp	Construction Machinery & Heavy Trucks	NAV	16/12/2014	8.1	-12%
Darden Restaurants Inc	Restaurants	DRI	16/12/2014	7.9	-18%
Heico Corp	Aerospace & Defense	HEI	16/12/2014	7.0	17%
Hanger Inc	Health Care Facilities	HGR	15/12/2014	6.6	2%
Winn-Dixie Stores Inc	Automobile Manufacturers	WGO	18/12/2014	6.5	-4%
Scholastic Corp	Publishing	SCHL	18/12/2014	5.9	-18%
Pier 1 Imports Inc	Homefurnishing Retail	PIR	18/12/2014	5.5	62%
Nq Mobile Ads Rep 5 Cl A Ord	Application Software	NQ	18/12/2014	4.7	93%
China Finance Online Adr Rep 5 Ord	Internet Software & Services	JRJC	15/12/2014	4.5	24%
Finish Line Inc	Apparel Retail	FINL	19/12/2014	4.4	118%
Guyana Goldfields Inc	Gold	GUY	19/12/2014	4.3	-2%

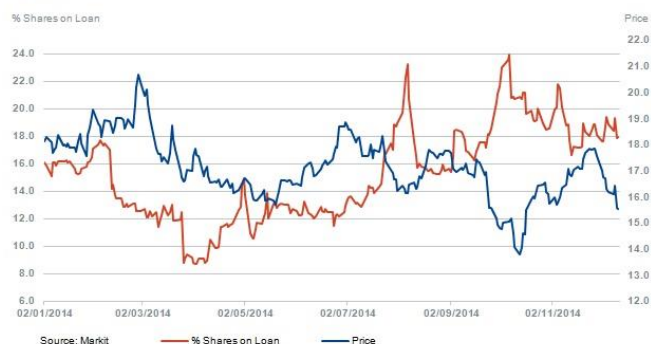
Sanderson Farms is the twelfth largest poultry producer in the world, but remains the most shorted firm globally since [our last report](#) focusing on the sector. Short sellers continue to hold their positions with shares outstanding on loan increasing marginally from 36% to 37% while the share price has increased by 5%.

Sanderson Farms Inc



KB Home Inc. takes the silver medal in this week's table of most shorted ahead of earnings in North America. There are currently 18% of shares outstanding on loan.

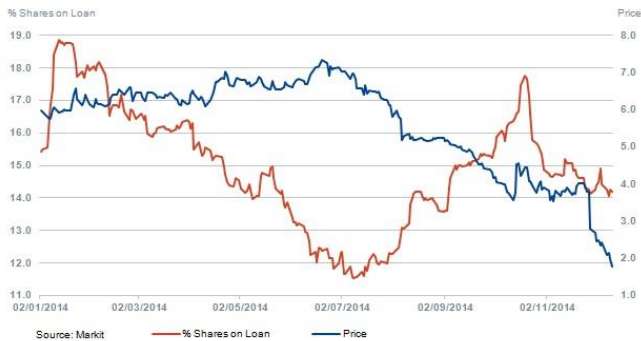
Kb Home



The company missed analyst expectations for earnings in late September, sending shares falling by the [most in nine months](#). The [company reported](#) that home deliveries in the third quarter were slightly down due to construction schedule delays and mortgage closings. The share price has since been quite volatile, recovering from lows following the earnings miss and then subsequently falling again in the last few weeks.

Explorer and producer of natural gas and crude oil is the most shorted energy firm ahead of earnings. Shorts have covered from October highs of 17.8% of shares outstanding on loan, with levels decreasing to 14.2% currently as the share price continues to decline. The stock is down 70% year to date.

Sandridge Energy Inc



Fuel Cell Energy currently has 10.7% of shares outstanding on loan. The share price is down 60% year to date. The stock had previously suffered due to an earnings miss in the third quarter but the share price is relatively flat year to date, down 5.4%.

Fuelcell Energy Inc



The last share who has close to 10% of shares outstanding on loan in North America is troubled Canadian handset maker Blackberry. The company's stock has seen short interest increase by 16% in the past month reaching 9.9%, while the stock is up 28.7% year to date.

Blackberry Ltd



The company has surprised analysts this year, reporting lower than expected losses even as the handset continues to lose market share and sales plummet. Expectations are for 2015 sales being almost 40%* lower than 2014's figure of \$7.1bn, coming in \$4.3bn.

Current earnings consensus points for a marginal loss to breakeven level for the full year ending February 2015. In the meantime there have been reports of potential acquirer's interest peaking in the Canadian firm. A strong candidate for the takeover is Chinese firm [Lenovo](#) who look to broaden their North American and mobile exposure. Lenovo now sells more handsets than the once giant Blackberry.

*Figures based on Factset consensus

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