



Most shorted ahead of earnings

Friday, February 10th 2017

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

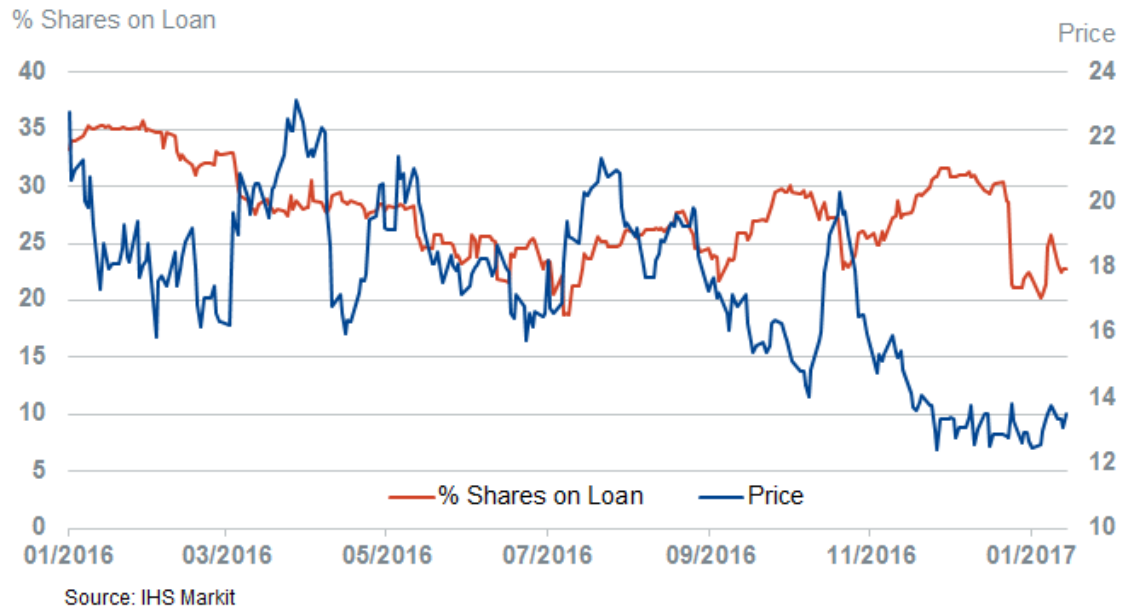
- Solar firms Solaredge and Sunpower see record high short interest
- European airlines still heavily shorted heading into earnings
- Short sellers cover 80% of their Nikon positions

North America

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Heron Therapeutics Inc	Biotechnology	HRTX	2/17/2017	22.8	-24%
Medicines Co	Pharmaceuticals	MDCO	2/15/2017	21.4	-1%
Hornbeck Offshore Services Inc	Energy Equipment & Services	HOS	2/15/2017	20.4	25%
Rent-A-Center Inc	Specialty Retail	RCII	2/13/2017	19.7	53%
Boardwalk Real Estate Investment	Equity Real Estate Investment Trusts (BEI.UN	2/16/2017	19.7	1%
Stamps.Com Inc	Internet Software & Services	STMP	2/15/2017	19.0	13%
Discovery Communications Inc	Media	DISCA	2/14/2017	19.0	8%
Gnc Holdings Inc	Specialty Retail	GNC	2/16/2017	18.3	107%
Tempur Sealy International Inc	Household Durables	TPX	2/16/2017	17.4	-35%
Solaredge Technologies Inc	Semiconductors & Semiconductor Equ	SEDG	2/14/2017	16.7	-16%
Sunpower Corp	Semiconductors & Semiconductor Equ	SPWR	2/15/2017	16.7	5%
Cowen Group Inc	Capital Markets	COWN	2/16/2017	15.8	-18%
Diebold Nixdorf Inc	Technology Hardware, Storage & Perip	DBD	2/14/2017	15.4	2%
Amag Pharmaceuticals Inc	Biotechnology	AMAG	2/14/2017	15.4	21%
Altisource Portfolio Solutions Sa	Real Estate Management & Developm	ASPS	2/16/2017	15.0	-4%
Prothena Corporation Plc	Biotechnology	PRTA	2/14/2017	14.8	3%
Fossil Group Inc	Textiles, Apparel & Luxury Goods	FOSL	2/14/2017	14.7	23%
First Nbc Bank Holding Co	Banks	FNBC	2/14/2017	14.6	25%
Immunogen Inc	Biotechnology	IMGN	2/17/2017	14.5	4%

Having by and large retreated from energy names in the 12 months since oil registered its recent lows, short sellers have refocused their attentions on healthcare names this earnings season. This trend sees Heron Therapeutics top this week's most shorted ahead of earnings list as 22.8% of its shares are out on loan. While certainly high now, this the demand to borrow Heron used to be even higher as short sellers had borrowed more than 30% of the firm's shares as recently as a month ago.

Heron Therapeutics Inc

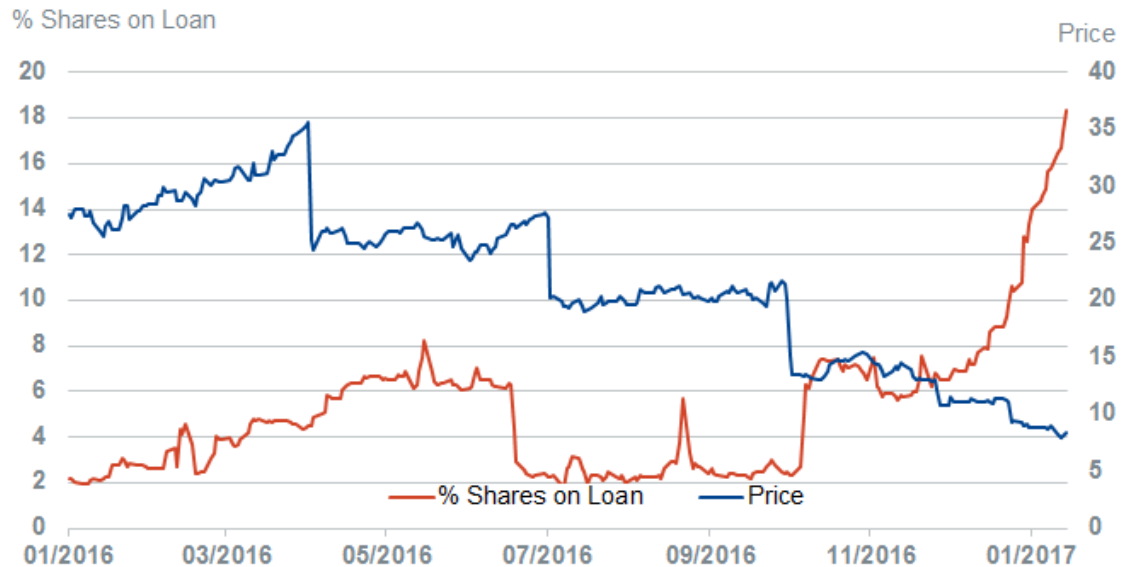


Pharma firm Medicines Co also makes the most shorted ahead of earnings list although the short interest is probably inflated by its reliance on convertible bonds, which means that a large portion of the borrow is likely to be arbitrage driven.

Solar firms haven't experienced nearly the same amount of covering as their conventional peers. Two solar firms, Sunpower and Solaredge, both make this week's list of heavily shorted names. Both have been profitable short targets over the last 12 months as their shares have fallen by 70% and 46% over this period respectively.

While healthcare firms top the list of this week's most shorted firms ahead of earnings, retailers have seen the largest increase in the weeks leading up to results and we've seen large increases in the borrow demand for Rent-A-Center and GNC over the last month. Both firms have already preannounced disappointing earnings which has driven this large jump in shorting activity.

Gnc Holdings Inc



Source: IHS Markit

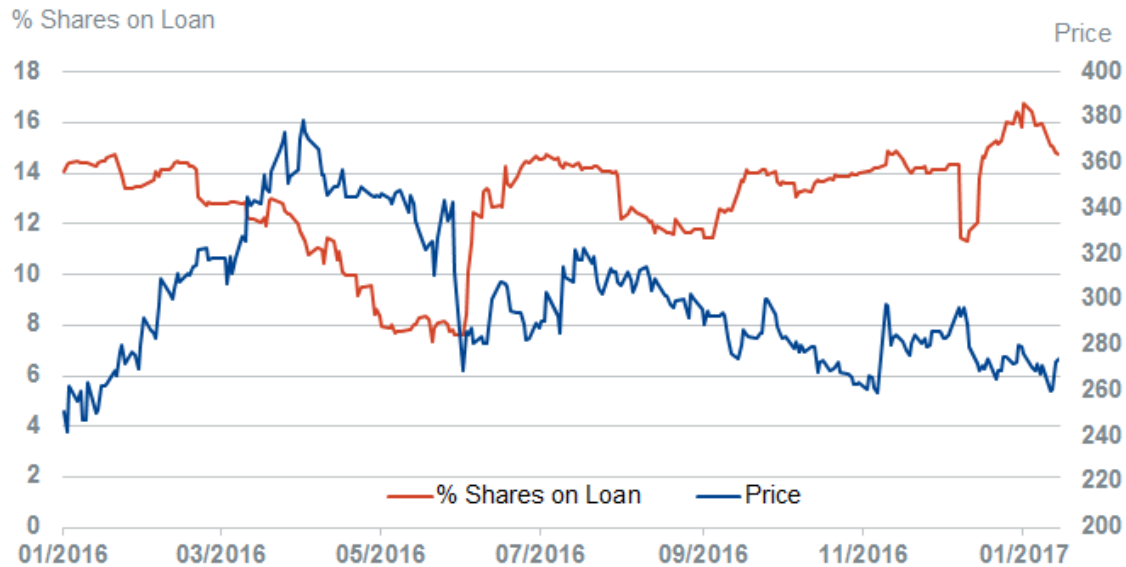
Europe

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Norwegian Air Shuttle Asa	Airlines	NAS	2/16/2017	14.8	-1%
Outotec Oyj	Metals & Mining	OTE1V	2/13/2017	14.5	6%
Rec Silicon Asa	Semiconductors & Semiconductor Equ	REC	2/16/2017	12.3	0%
Air France Klm Sa	Airlines	AF	2/16/2017	12.1	27%
Ssab Ab	Metals & Mining	SSAB A	2/15/2017	10.5	-3%
Essentra Plc	Chemicals	ESNT	2/17/2017	9.0	16%
Dios Fastigheter Ab	Real Estate Management & Developm	DIOS	2/16/2017	8.9	-22%
Marine Harvest Asa	Food Products	MHG	2/15/2017	8.8	4%
Television Francaise 1 Sa	Media	TFI	2/16/2017	8.1	7%
Arcadis Nv	Construction & Engineering	ARCAD	2/16/2017	7.1	0%
Fred Olsen Energy Asa	Energy Equipment & Services	FOE	2/15/2017	5.6	-20%
Swedish Orphan Biovitrum Ab (Publ	Biotechnology	SOBI	2/16/2017	5.5	3%
Lancashire Holdings Ltd	Insurance	LRE	2/16/2017	5.1	-27%

Airline firms are a focus for European short sellers this week as Norwegian Air Shuttle and Air France KLM feature as the first and fourth most shorted firms ahead of announcing earnings.

Norwegian is no stranger to short sellers, after its long running feud with regional rival SAS saw both firms experience significant short interest. Short sellers were starting to warm up to Norwegian, as demand to borrow the firm's shares had come way off the highs registered a couple of years ago but the UK's decision to leave the EU has seen the firm come under renewed pressure from short sellers as Norwegian operates long distance flights out of the UK. Norwegian's current short interest is roughly twice the level seen on the eve of the EU referendum while its shares are down by over 20%.

Norwegian Air Shuttle Asa



Source: IHS Markit

Air France KLM has seen similar fluctuations in its short interest over the last 12 months. Short sellers covered half their positions after the firms posted better than expected third quarter earnings but have returned to the name in earnest over the last few weeks as the subsequent rally proved short lived.

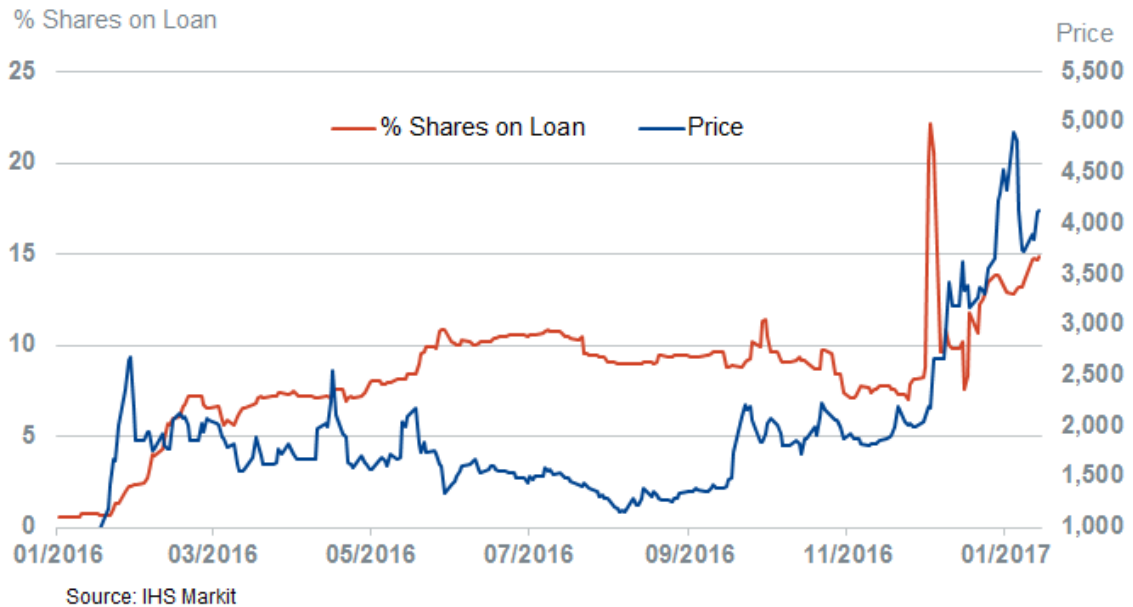
UK packaging firm Essentra is another firm seeing large jumps in shorting activity in the run-up to earnings. Short sellers increased their position in the firm by 16% in the last month after it issued its third profits warning in less than a year.

Asia

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Mynet Inc	Software	3928	2/13/2017	14.8	26%
Cyberdyne Inc	Health Care Equipment & Supplies	7779	2/14/2017	11.3	-9%
Outsourcing Inc	Professional Services	2427	2/14/2017	10.3	-6%
Celltrion Inc	Biotechnology	068270	2/16/2017	9.2	6%
Semiconductor Manufacturing Inte	Semiconductors & Semiconductor Equ	981	2/15/2017	9.2	-27%
Ignis Ltd	Software	3689	2/13/2017	9.0	2%
Invocare Ltd	Diversified Consumer Services	IVC	2/16/2017	8.9	38%
Perseus Mining Ltd	Metals & Mining	PRU	2/15/2017	8.7	0%
Pc Depot Corp	Specialty Retail	7618	2/16/2017	8.4	-19%
Nikon Corp	Household Durables	7731	2/13/2017	8.1	1%

Japanese firms continue to make up the majority of the most shorted Asian firms announcing earnings this week. Mobile games maker Mynet tops this week's list as just under 15% of its shares are out on loan to short sellers. Much like Nintendo last summer, the bulk of Mynet's short interest came after its shares registered more than doubled in price. This scepticism has been vindicated in subsequent weeks as Mynet has been unable to sustain the rally in its share price.

Mynet Inc



Fellow mobile games developer Ignis also makes the most shorted ahead of earnings list as it has 9% of its shares out on loan.

While short sellers are focusing their attention on software names, hardware manufacturer Nikon has seen the opposite as its current short interest is roughly a third of the levels seen 12 months ago. This covering has been spurred on by the firm's [efforts](#) to shed jobs and divest from loss making end markets.

Australia also features on the list of heavily shorted firms ahead of earnings after Invocare and Perseus mining both saw large increases in short interest over the last few months.

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