

Most shorted ahead of earnings

Monday, March 13th 2017

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

- Tiffany short sellers cover after the firm strikes deal with activist investor
- Aryzta sees a large jump in short interest leading up to earnings
- South Korean travel firms targeted as tensions with China escalate

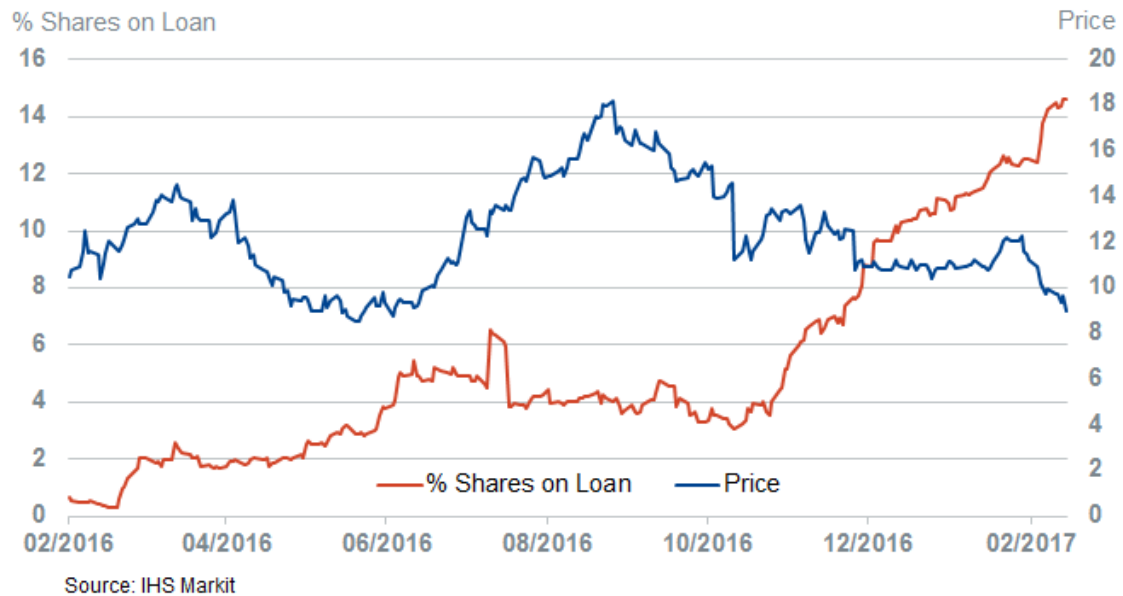
North America

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Quebecor Inc	Media	QBR.B	3/15/2017	22.6	-3%
Neophotonics Corp	Semiconductors & Semiconductor Equ	NPTN	3/14/2017	14.7	20%
Williams-Sonoma Inc	Specialty Retail	WSM	3/15/2017	14.3	-11%
Inovio Pharmaceuticals Inc	Biotechnology	INO	3/15/2017	14.1	7%
Guess? Inc	Specialty Retail	GES	3/15/2017	13.2	14%
Bellicum Pharmaceuticals Inc	Biotechnology	BLCM	3/13/2017	12.3	-14%
Resolute Energy Corp	Oil, Gas & Consumable Fuels	REN	3/13/2017	12.0	24%
Dynavax Technologies Corp	Biotechnology	DVAX	3/14/2017	11.8	-40%
Rockwell Medical Inc	Health Care Equipment & Supplies	RMTI	3/13/2017	11.6	10%
Celldex Therapeutics Inc	Biotechnology	CLDX	3/14/2017	11.4	4%
Aratana Therapeutics Inc	Pharmaceuticals	PETX	3/13/2017	10.6	43%
Insys Therapeutics Inc	Biotechnology	INSY	3/16/2017	10.2	-10%
Tiffany & Co	Specialty Retail	TIF	3/17/2017	9.2	-19%
Seacor Holdings Inc	Energy Equipment & Services	CKH	3/16/2017	9.0	-15%
Varex Imaging Corp	Health Care Equipment & Supplies	VREX	3/16/2017	8.1	-25%
Autocanada Inc	Specialty Retail	ACQ	3/16/2017	8.1	-6%
Vivint Solar Inc	Independent Power and Renewable Ele	VSLR	3/16/2017	8.0	-1%
Avexis Inc	Biotechnology	AVXS	3/16/2017	8.0	10%

Canadian media conglomerate Quebecor sees the greatest demand to borrow its shares among North American firms announcing earnings this week as there are now just under 23% of Quebecor shares on loan. While high, Quebecor's short interest has remained relatively flat over much of the last couple of years.

This contrasts with the large increase in demand to borrow Neophotonics shares over the last few weeks. The company has seen the proportion of its shares out on loan surge by a fifth in the last month to take the overall demand to borrow to an all-time high of just shy of 15% of all issued shares. Neophotonics' bear raid was initially triggered by issues with its Asian distribution network which caused the firm to miss its last earnings target. Short sellers were further emboldened in the closing days of last year when the firm announced that it would lower its guidance, citing oversupply in some of its key end markets.

Neophotonics Corp



On the opposite side of the sentiment scale, we've seen Tiffany sceptics trim their bets heading into earnings as the demand to borrow its shares has fallen by nearly a fifth in the last month. The recent improvement in investor sentiment came after the firm caved in to demands from activist investor JANA partners which was demanding board representation after acquiring a 5% stake in the jeweler. Tiffany's current short interest stands at a the lowest level in over six months and indicates that a growing number of investors are starting to get behind the firm's rally which has seen Tiffany shares surge by over 50% from the lows registered last June.

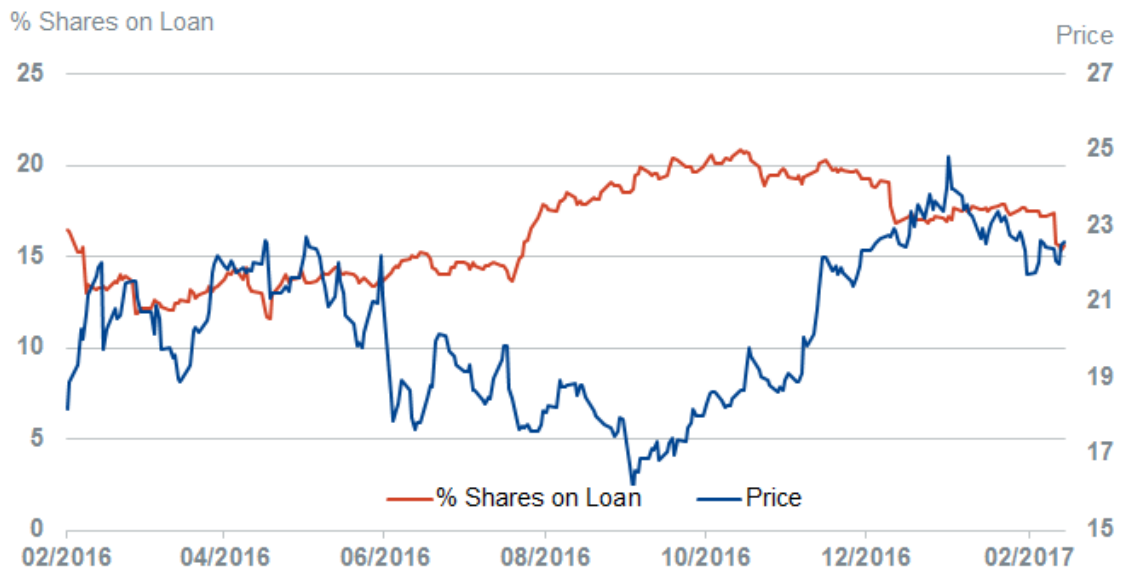
Short sellers continue to be heavily active in the healthcare/biotech sector this earnings season and this week is no exception as seven of the sectors' firms make the list of firms seeing heavy short interest in the run-up to earnings. The high conviction short in the sector this week is Inovio Pharmaceutical which has over 14% of its shares out on loan.

Europe

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
K&S Ag	Chemicals	SDF	3/16/2017	15.3	-13%
Telit Communications Plc	Communications Equipment	TCM	3/13/2017	15.3	-7%
Bavarian Nordic A/S	Biotechnology	BAVA	3/15/2017	13.7	3%
Bilfinger Se	Commercial Services & Supplies	GBF	3/15/2017	12.9	4%
Aryzta Ag	Food Products	ARYN	3/13/2017	12.5	39%
U Blox Holding Ag	Semiconductors & Semiconductor Equ	UBXN	3/16/2017	12.0	-5%
Hikma Pharmaceuticals Plc	Pharmaceuticals	HIK	3/15/2017	10.4	-1%
Deutsche Lufthansa Ag	Airlines	LHA	3/16/2017	8.9	-4%
Salvatore Ferragamo Spa	Textiles, Apparel & Luxury Goods	SFER	3/14/2017	7.4	9%
Astaldi Spa	Construction & Engineering	AST	3/14/2017	7.1	17%
Fraport Ag Frankfurt Airport Servic	Transportation Infrastructure	FRA	3/17/2017	6.9	12%
Maire Tecnimont Spa	Construction & Engineering	MT	3/15/2017	6.6	1%
Schoeller Bleckmann Oilfield Equi	Energy Equipment & Services	SBO	3/17/2017	5.5	-5%
Antofagasta Plc	Metals & Mining	ANTO	3/14/2017	5.4	-6%
Clarkson Plc	Marine	CKN	3/13/2017	5.1	-2%

German chemical firm and perennial short K&S once again finds itself at the top of the list of heavily shorted shares announcing earnings as it has over 15% of its shares out on loan. K&S short sellers have targeted the firm owing to the vagrancies of the potash market, which represents half of K&S's revenues. The current year long slump in the commodity's price is showing no signs of easing which has ensured that K&S, as well as its peers in the potash market; continue to see high short interest.

K&S Ag



Source: IHS Markit

Swiss listed baker Aryzta has registered the largest surge in shorting activity in the last few weeks as short sellers have increased their borrow in the firm by 40% in the last month to take the borrow to 12.5% the company's shares outstanding. This most recent spike comes in the wake of a turbulent couple of months for the struggling baker which saw it issue another profits warning as well as experience the departure of several key executives. Some investors have raised questions as to whether the firm will be able to continue on its current path without raising

additional capital and the increase in short interest could indicate that investors are starting to take this possibility seriously.

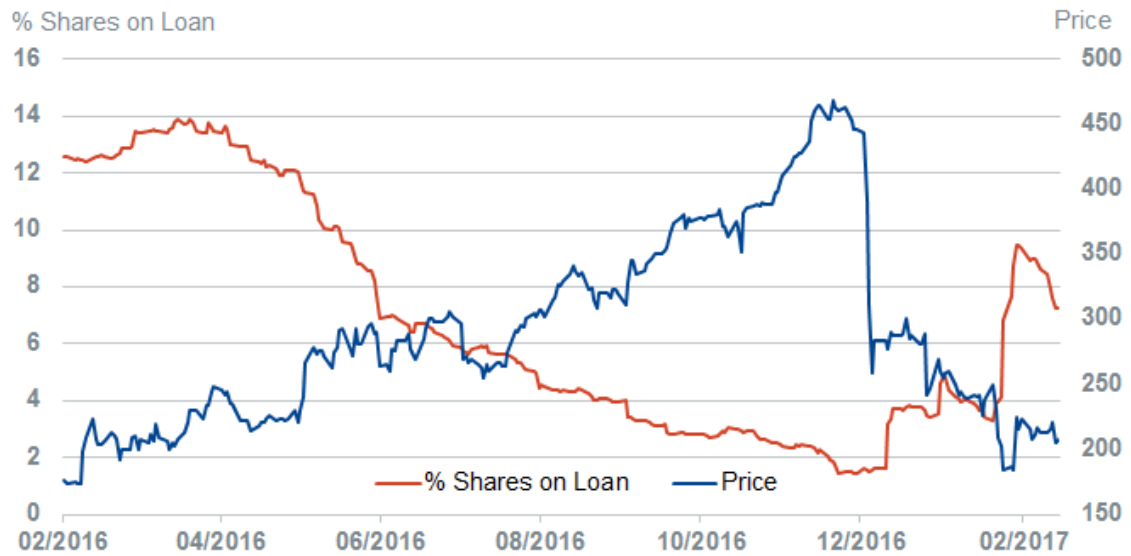
Asia

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Myer Holdings Ltd	Multiline Retail	MYR	3/16/2017	14.3	3%
Syrah Resources Ltd	Metals & Mining	SYR	3/16/2017	12.6	8%
Toshiba Corp	Industrial Conglomerates	6502	3/14/2017	7.3	116%
Motech Industries Inc	Semiconductors & Semiconductor Equ	6244	3/14/2017	6.0	4%
Hanatour Service Inc	Hotels, Restaurants & Leisure	039130	3/17/2017	5.9	4%
Karoon Gas Australia Ltd	Oil, Gas & Consumable Fuels	KAR	3/14/2017	5.7	-2%
Hannstar Display Corp	Electronic Equipment, Instruments & C	6116	3/16/2017	5.3	5%
Eo Technics Co Ltd	Semiconductors & Semiconductor Equ	039030	3/16/2017	5.1	65%
Crystal Genomics Inc	Biotechnology	083790	3/17/2017	4.9	16%
Paradise Co Ltd	Hotels, Restaurants & Leisure	034230	3/17/2017	4.8	10%
Want Want China Holdings Ltd	Food Products	151	3/14/2017	4.7	-15%
Samsung Engineering Co Ltd	Construction & Engineering	028050	3/15/2017	4.7	-23%
Advanced Wireless Semiconducto	Semiconductors & Semiconductor Equ	8086	3/13/2017	4.6	10%
Inbody Co Ltd	Health Care Equipment & Supplies	041830	3/15/2017	4.4	14%
Epistar Corp	Semiconductors & Semiconductor Equ	2448	3/13/2017	4.1	-12%
Medipost Co Ltd	Health Care Providers & Services	078160	3/17/2017	4.1	0%
Schnell Biopharmaceuticals Inc	Pharmaceuticals	003060	3/16/2017	4.0	12%

Australian firms Myer Holdings and Syrah Resources are the two most heavily shorted Asian firms announcing earnings this week as they have 14% and 13% of their shares out on loan respectively.

Japanese industrial conglomerate Toshiba is by far the largest short play in terms of capital required to borrow the current 7.3% of Toshiba shares which are currently out on loan. The demand to borrow Toshiba shares has jumped significantly in the last few weeks as the firm revealed troubles in its recently acquired Westinghouse division which could potentially wipe out the firm's equity value according to some estimates.

Toshiba Corp



Source: IHS Markit

Another key theme expressed by short sellers over the last few weeks has been the growing tension between China and South Korea regarding the basing of a US missile defence shield in the country. China has been looking to prevent this happening as it threatens that the US could use the system's radar capabilities to monitor Chinese airspace which lies beyond North Korea. Chinese tourists, which make up the bulk of overseas visitors to the South Korean, have been used to exert leverage on the country to reverse its decision which has in turn hit Korean hotel and tourism related stocks. Short sellers have been keen to take advantage of the headwinds faced by these firms as Hanatour and Paradise Co both make the list of firms seeing high short interest in the lead-up to earnings.

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