

Most shorted ahead of earnings

A review of how short sellers are positioning themselves in stocks ahead of earnings announcements in the coming week, plus names identified at risk of experiencing a short squeeze.

- Short sellers check out large retailers in North America ahead of earnings calls
- Shorts profit off King Digital and El Pollo Loco as poor earnings minimise risk of squeezing
- Short appetite waned in Chinese property developer China Vanke but still tops Apac

North America

| Name | Industry | Ticker | Earnings Date | % Shares Outstanding On Loan | 1 Month % Change |
|------------------------------------|----------------------------------|--------|---------------|------------------------------|------------------|
| Fresh Market Inc | Food Retail | TFM | 20/08/2015 | 20.1 | 11% |
| Hibbett Sports Inc | Specialty Stores | HIBB | 21/08/2015 | 17.0 | -10% |
| Stage Stores Inc | Apparel Retail | SSI | 20/08/2015 | 16.2 | 42% |
| Immunomedics Inc | Biotechnology | IMMU | 19/08/2015 | 15.3 | -4% |
| Accuray Inc | Health Care Equipment | ARAY | 20/08/2015 | 15.3 | -10% |
| Jinkosolar Hldg ADR Rep 4 Ord | Semiconductors | JKS | 20/08/2015 | 14.3 | -12% |
| Buckle Inc | Apparel Retail | BKE | 20/08/2015 | 12.2 | -9% |
| Trina Solar ADR Rptg 50 Ord | Semiconductors | TSL | 18/08/2015 | 11.3 | -2% |
| Devry Education Group Inc | Education Services | DV | 18/08/2015 | 11.0 | -6% |
| Tuesday Morning Corp | General Merchandise Stores | TUES | 20/08/2015 | 10.7 | -18% |
| Deere & Co | Agricultural & Farm Machinery | DE | 21/08/2015 | 8.9 | 0% |
| Campus Crest Communities Inc | Residential REITs | CCG | 19/08/2015 | 8.5 | 7% |
| American Eagle Outfitters Inc | Apparel Retail | AEO | 19/08/2015 | 8.5 | -17% |
| Hain Celestial Group Inc | Packaged Foods & Meats | HAIN | 18/08/2015 | 8.4 | -13% |
| Sears Holdings Corp | Department Stores | SHLD | 20/08/2015 | 7.2 | -2% |
| Cheetah Mobile ADR Rep 10 Cl A Ord | Systems Software | CMCM | 18/08/2015 | 6.7 | 59% |
| Eaton Vance Corp | Asset Management & Custody Banks | EV | 19/08/2015 | 6.5 | 47% |
| Tech Data Corp | Technology Distributors | TECD | 20/08/2015 | 6.5 | 13% |
| Medgenics Inc | Biotechnology | MDGN | 17/08/2015 | 6.2 | 36% |
| Navios Maritime Holdings Inc | Marine | NM | 20/08/2015 | 6.0 | -2% |

Most shorted ahead of earnings this week in North America is speciality food retailer Fresh Market. Currently 20% of shares are outstanding on loan and shares in the firm are down almost 30% year to date, however consensus forecasts for the quarter are expecting an uptick in earnings.

Fresh Market Inc



Seeing a strong rise in short interest ahead of its earnings expected out on August 20th is department store retailer Stage Stores. The company currently has 16% of shares

outstanding on loan; rising 130% in the last three months.

Stage Stores Inc



Stage Stores posted a loss for its first quarter earnings for 2016 (ending April 2015), but consensus forecasts point to a second quarter recovery to match the previous year's quarter earnings level.

Sears Holdings Corp



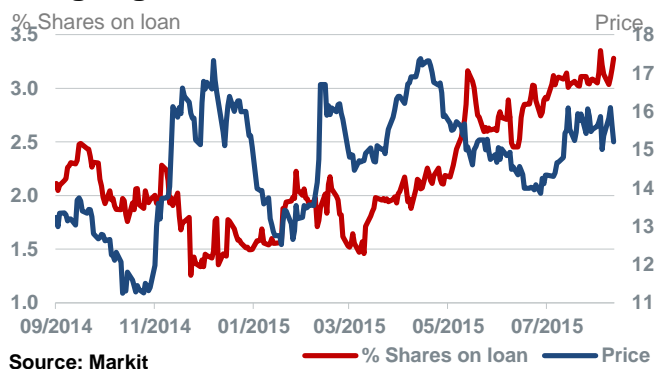
Sears has seen shorts cover positions since the last quarter of 2014 but a recent rise in short interest has seen shares outstanding on

loan increase by a fifth to 7.2%. This has been well timed as Sears' stock has tumbled by 40% over the last three months. Revenue at the firm has declined by almost 50% over the last five years with the company posting losses for the last three.

Short Squeeze

Research Signal's Short Squeeze model* identifies companies highly likely to suffer a squeeze under current trading conditions. Two companies that ranked highly in the model this past week were King Digital Entertainment, the maker of Candy Crush, and US chicken chain El Pollo Loco.

King Digital Entertainment Plc



However a squeeze looks to have been avoided with shares coming under pressure at both firms after disappointing results out of **both** were released. This should prove profitable for short sellers, whose demand to short pushed up the cost to borrow above 5% for El Pollo and near 20% for King Digital.

El Pollo Loco Holdings Inc



Europe

| Name | Industry | Ticker | Earnings Date | % Shares Outstanding On Loan | 1 Month % Change |
|---|---------------------------------------|--------|---------------|------------------------------|------------------|
| Schoeller Bleckmann Oilfield Equipment Ag | Oil & Gas Equipment & Services | SBO | 20/08/2015 | 10.4 | 11% |
| Grand City Properties Sa | Diversified Real Estate Activities | GYC | 19/08/2015 | 7.0 | -4% |
| Kaz Minerals Plc | Diversified Metals & Mining | KAZ | 20/08/2015 | 7.0 | 40% |
| Enquest Plc | Oil & Gas Exploration & Production | ENQ | 19/08/2015 | 6.7 | -7% |
| Wirecard Ag | Data Processing & Outsourced Services | WDI | 18/08/2015 | 6.5 | -19% |
| Dno Asa | Oil & Gas Exploration & Production | DNO | 20/08/2015 | 5.9 | 1% |
| Admiral Group Plc | Property & Casualty Insurance | ADM | 19/08/2015 | 5.5 | -15% |
| Carlsberg A/S | Brewers | CARL B | 19/08/2015 | 5.4 | 8% |
| Kuoni Reisen Holding Ag | Hotels, Resorts & Cruise Lines | KUHN | 21/08/2015 | 5.1 | -6% |
| Ica Gruppen Ab | Food Retail | ICA | 19/08/2015 | 5.0 | -13% |

In Europe, Schoeller Bleckmann Oilfield Equipment is the most shorted ahead of earnings with 10.4% of shares outstanding on loan. Shares have slid by 44% in the last 12 months in the oil services and equipment firm with short interest increasing six fold over the same period.

Schoeller Bleckmann Oilfield Equipment Ag



German real estate company Grand City Properties is the second most shorted in Europe, with 7% of shares outstanding on loan. Short interest has risen from negligible levels over the last 12 months with the stock price increasing by 65%.

Grand City Properties Sa



Third most shorted in Europe is open pit copper miner in Kazakhstan; Kaz Minerals. The company has seen a sharp spike in short interest with shares outstanding on loan having risen 130% in the last three months, while shares have dived by 43%.

Kaz Minerals Plc



The Australian engineering group has come under pressure as it serves the resources, energy and infrastructure sectors which have been particularly hard hit in recent months. The stock has declined by 55% in the last 12 months.

China Vanke Co Ltd



Apac

| Name | Industry | Ticker | Earnings Date | % Shares Outstanding On Loan | 1 Month % Change |
|--|---------------------------------------|--------|---------------|------------------------------|------------------|
| Monadelphous Group Ltd | Construction & Engineering | MND | 18/08/2015 | 15.0 | -2% |
| China Vanke Co Ltd | Real Estate Development | 2202 | 17/08/2015 | 14.1 | -31% |
| Cabcharge Australia Ltd | Diversified Support Services | CAB | 21/08/2015 | 14.0 | 0% |
| Mineral Resources Ltd | Diversified Support Services | MIN | 20/08/2015 | 12.4 | -13% |
| Mma Offshore Ltd | Marine | MRM | 18/08/2015 | 10.8 | -2% |
| China Coal Energy Co Ltd | Coal & Consumable Fuels | 1898 | 21/08/2015 | 10.1 | 13% |
| Cardno Ltd | Construction & Engineering | CDD | 18/08/2015 | 8.7 | 3% |
| Fufeng Group Ltd | Diversified Chemicals | 546 | 19/08/2015 | 7.9 | 39% |
| Dick Smith Holdings Ltd | Computer & Electronics Retail | DSH | 19/08/2015 | 7.9 | 5% |
| Seek Ltd | Human Resource & Employment Services | SEK | 19/08/2015 | 7.8 | 4% |
| Alumina Ltd | Aluminum | AWC | 19/08/2015 | 7.6 | 28% |
| Arrium Ltd | Steel | ARI | 19/08/2015 | 6.8 | 29% |
| Hyundai Heavy Industries Co Ltd | Construction Machinery & Heavy Trucks | 009540 | 17/08/2015 | 6.5 | 11% |
| Mount Gibson Iron Ltd | Steel | MGX | 19/08/2015 | 6.4 | -18% |
| Li & Fung Ltd | Apparel, Accessories & Luxury Goods | 494 | 20/08/2015 | 6.2 | 1% |
| Reject Shop Ltd | General Merchandise Stores | TRS | 20/08/2015 | 6.0 | -1% |
| Kingdee International Software Group Co Ltd | Application Software | 268 | 19/08/2015 | 5.9 | 4% |
| Sims Metal Management Ltd | Steel | SGM | 21/08/2015 | 5.8 | -28% |
| Daewoo Shipbuilding & Marine Engineering Co Lt | Construction Machinery & Heavy Trucks | 042660 | 17/08/2015 | 5.8 | -2% |
| Anhui Conch Cement Co Ltd | Construction Materials | 914 | 21/08/2015 | 5.7 | -1% |

Most short sold in Apac is Monadelphous Group with 15% of shares outstanding on loan.

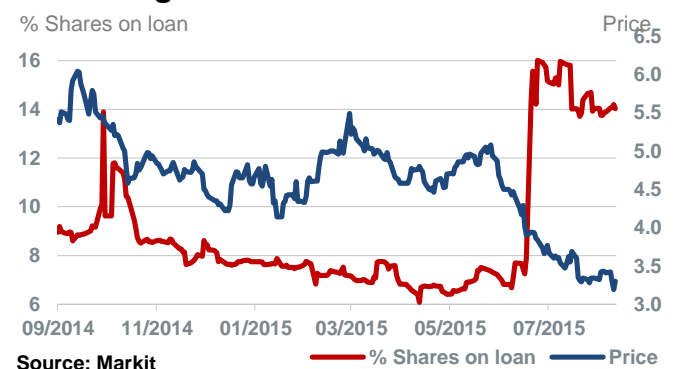
Monadelphous Group Ltd



Second most shorted in Apac is one of the largest property developers in China; China Vanke, with 14% of shares outstanding on loan.

The developer's profit for the first quarter dropped almost 60% as activity in the region started to decline, however short sellers have retreated in recent months, perhaps on the back of increased government intervention, propping up equity markets.

Cabcharge Australia Ltd



Former Australian monopoly Cabcharge has come under pressure due to increased competition from the likes of Uber, and regulatory changes forcing the cab card

processor to charge lower fees. Short interest has jumped 100% in the last month with the stock falling 10%. The stock has slid by 40% over the last 12 months.

*To receive more information on short interest data or our Short Squeeze model please [contact us](#).

To read this article on our commentary website please click [here](#)

Relte Stephen Schutte

Analyst

Markit

Tel: +44 207 064 6447

Email: relte.schutte@markit.com

For further information, please visit www.markit.com

The intellectual property rights to this report provided herein is owned by Markit Group limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omission or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, consequential damages, arising out of the use of the data. Markit is a trademark owned by the Markit group.

This report does not constitute nor shall it be construed as an offer by Markit to buy or sell any particular security, financial instrument or financial service. The analysis provided in this report is of a general and impersonal nature. This report shall not be construed as providing investment advice that is adapted to or appropriate for any particular investment strategy or portfolio. This report does not and shall not be construed as providing any recommendations as to whether it is appropriate for any person or entity to "buy", "sell" or "hold" a particular investment.