

## Most shorted ahead of earnings

Friday, January 13<sup>th</sup> 2017

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

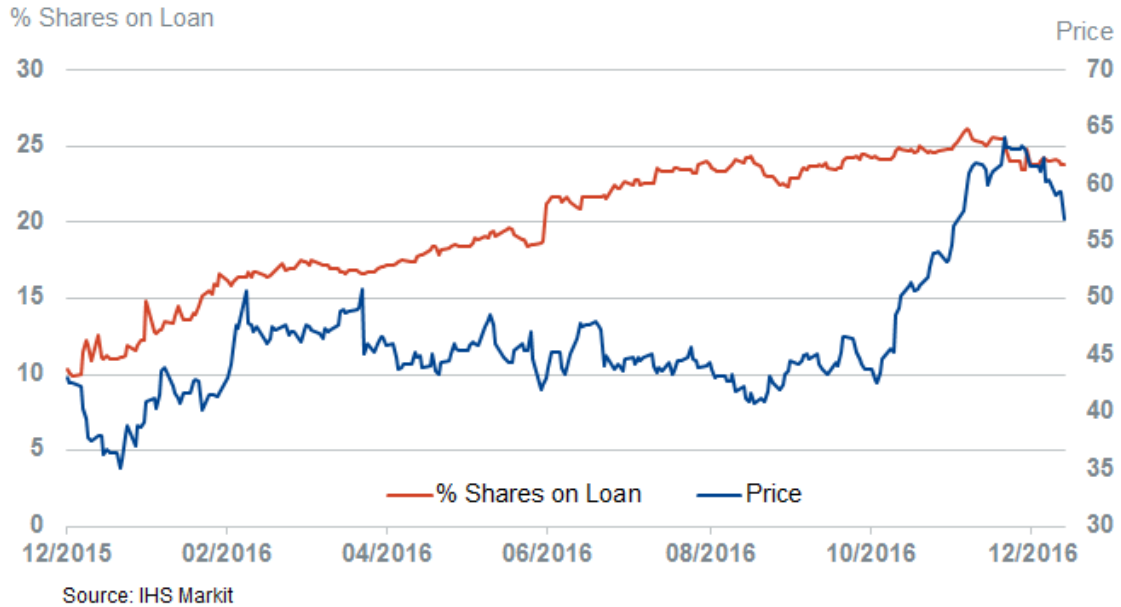
- Railcar leasing firm Gatz most shorted worldwide with 24% of its shares lent
- NCC sees record high short interest leading up to earnings
- Short sellers have been targeting shipbuilder Hyundai Mipo since US election

#### North America

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Gatz Corp	Trading Companies & Distributors	GATX	1/19/2017	23.8	-7%
People'S United Financial Inc	Banks	PBCT	1/19/2017	13.0	-12%
Access National Corp	Banks	ANCX	1/19/2017	11.6	19%
Monro Muffler Brake Inc	Specialty Retail	MNRO	1/19/2017	11.3	-1%
Westamerica Bancorp	Banks	WABC	1/19/2017	10.7	-22%
Bank Of The Ozarks Inc	Banks	OZRK	1/17/2017	9.2	14%
Webster Financial Corp	Banks	WBS	1/19/2017	8.3	-13%
Mts Systems Corp	Electronic Equipment, Instruments &	CMTSC	1/17/2017	8.1	0%
Check Point Software Technologie	Software	CHKP	1/19/2017	8.0	1%
Cvb Financial Corp	Banks	CVBF	1/18/2017	7.3	11%
Tal Education Grp Adr Rep 2 Cl A	Diversified Consumer Services	XRS	1/19/2017	6.8	-4%
Fastenal Co	Trading Companies & Distributors	FAST	1/18/2017	6.8	2%
Kcg Holdings Inc	Capital Markets	KCG	1/19/2017	6.7	1%
F.N.B. Corp	Banks	FNB	1/18/2017	6.4	11%
Skyworks Solutions Inc	Semiconductors & Semiconductor Equ	SWKS	1/19/2017	6.4	-14%
M&T Bank Corp	Banks	MTB	1/19/2017	4.3	1%

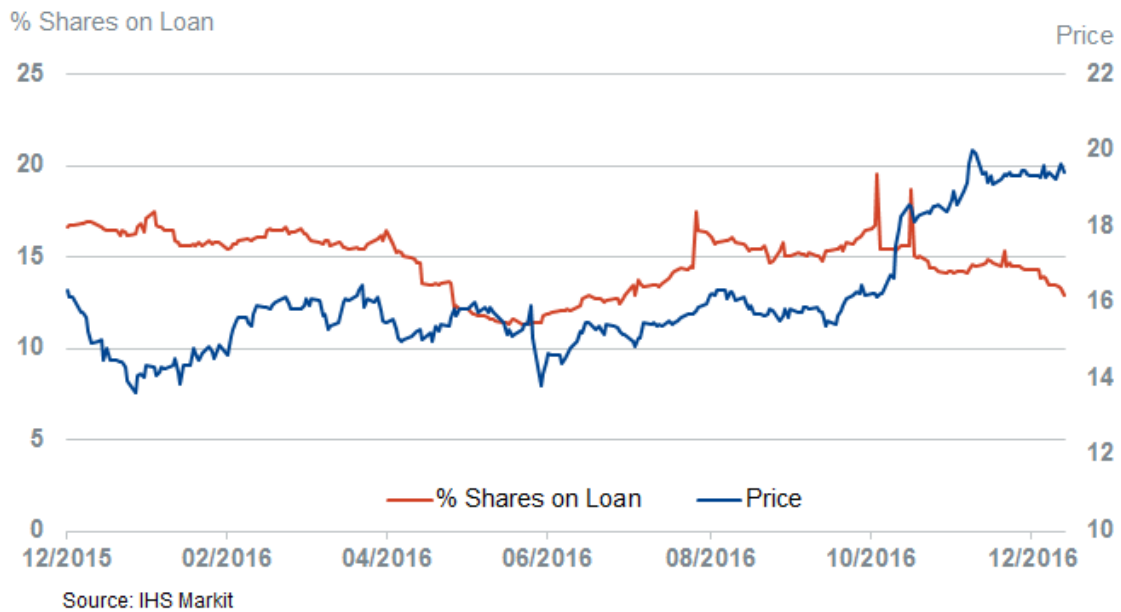
Railcar leasing firm Gatz is the most shorted company announcing results next week with 24% of its shares out on loan. Gatz has been a painful play for short sellers as the company managed to beat earnings estimates for five straight quarters despite falling revenues. The last earnings update has proved particularly painful for Gatz bears as its shares have surged by over 30%. Short sellers have stood stoic in the face of the recent rally however as demand to borrow Gatz shares has remained steady near the all-time highs set in the closing weeks of last year.

## Gatx Corp



Short sellers have been much less willing to ride the pain in the second most shorted firm announcing earnings this week; savings and loan holding company People's United. Demand to borrow its shares had fallen by over 20% since early November when the post-election has swept many of the market's least favorite stocks to new recent highs.

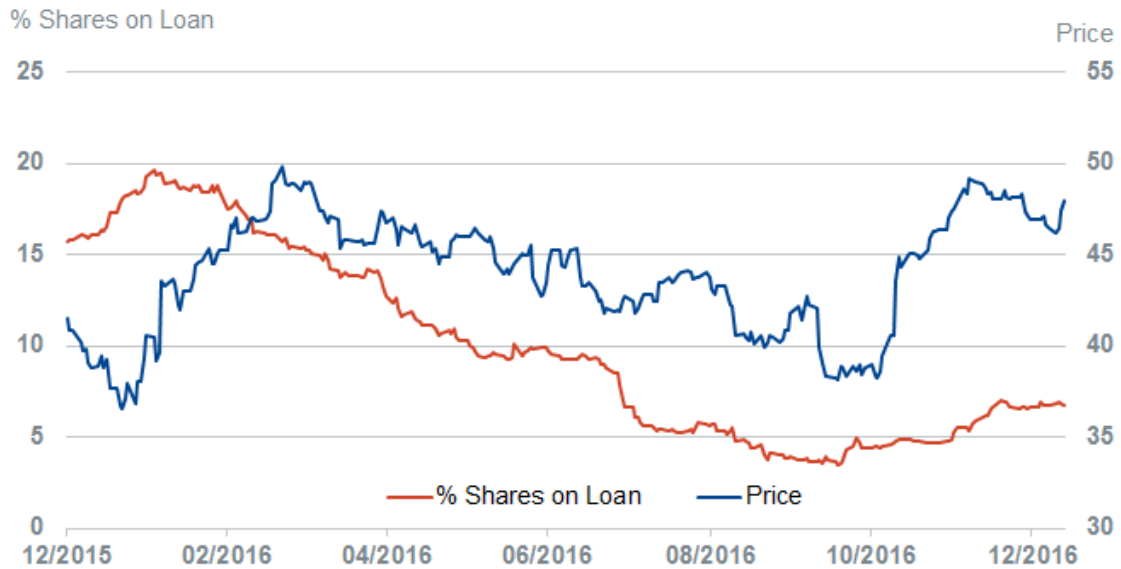
## People'S United Financial Inc



Banks, especially smaller regional institutions, have disproportionately felt this rally and we've witnessed large portions of short covering among many of the eight heavily shorted banks announcing earnings this week, all of whom are on the smaller end of the banking sector.

Another firm benefiting from the recent post-election rally is tool and building supplier Fastenal whose shares are up by over 20% since the first week of November. Unlike many stocks in the market however, the recent surge has nearly doubled in the last two and a half months.

### Fastenal Co

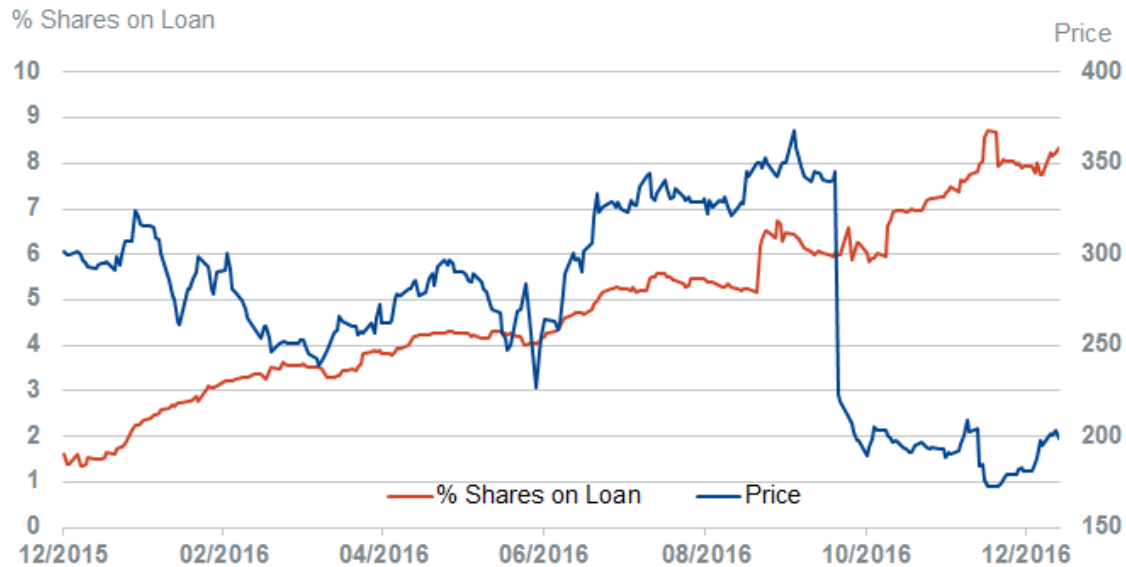


Source: IHS Markit

### Europe

In Europe, the only firm with significant shorting activity is cybersecurity firm NCC which has just over 8% of its shares outstanding on loan. Short sellers have had a good track record in NCC of late as the borrowed 6% of its share in October of last year. This was just before the firm announced a spate of contract cancellations which knocked 40% off its share price. NCC's shares have been trading sideways ever since, but this lack of momentum hasn't deterred short seller positions as evidenced by the fact that the demand to borrow these shares has increased by a third since the firm's most recent setback.

## Ncc Group Plc



Source: IHS Markit

The only other firm to see any meaningful demand to borrow announcing earnings this week is Swedish bank Avanza Bank which has 3% of its shares on loan. However, short sellers have actively been covering their positions leading up to Avanza's earnings update next Thursday as demand to borrow its shares has fallen by 40% over the last three months.

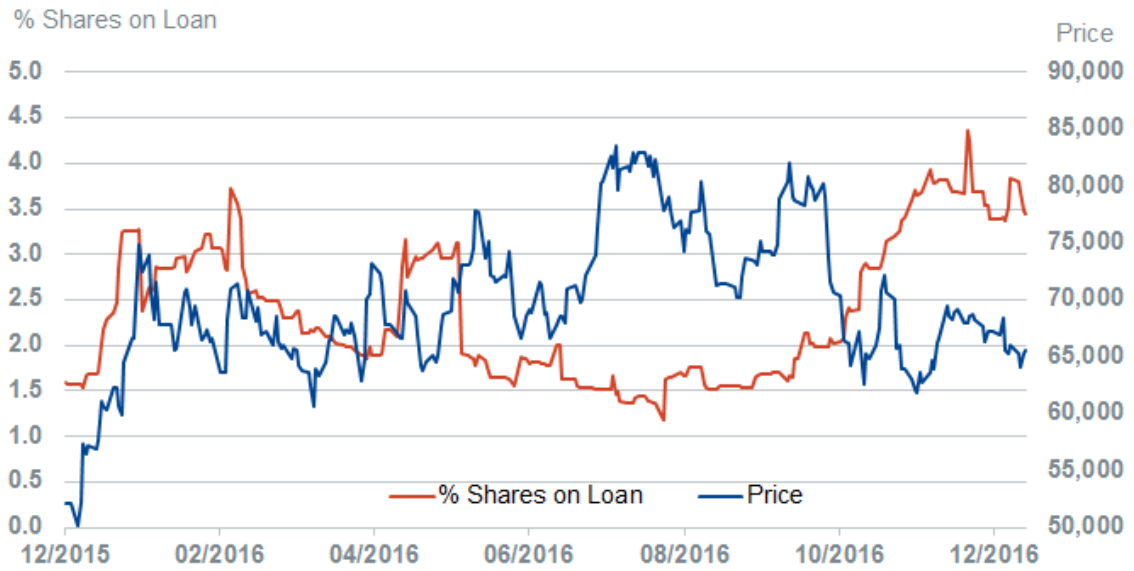
### Asia

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Mobile Factory Inc	Software	3912	1/20/2017	13.5	-13%
Asahi Eito Co Ltd	Building Products	5341	1/19/2017	7.7	50%
Acrodea Inc	Software	3823	1/16/2017	5.4	6%
G-Smatt Global Co Ltd	Semiconductors & Semiconductor Equ	114570	1/20/2017	4.3	31%
Yaskawa Information Systems Co	IT Services	2354	1/19/2017	4.0	19%
Hyundai Mipo Dockyard Co Ltd	Machinery	010620	1/16/2017	3.4	-7%

Asian short sellers as also face another calm week ahead as only six firms announcing earnings this week have more than 3% of their shares out on loan, although only one of these short targets has a market cap greater than \$1bn.

This firm is shipbuilder Hyundai Mipo Dockyard which sees the least demand to borrow of this week's lot as only 3.4% of its shares are out on loan. Unlike US stocks which have generally seen covering in the last few months, demand to borrow Hyundai Mipo shares has increased significantly in the last couple month to the highest level in over a year which could indicate growing negative sentiment towards the volume of global trade which shipyards like Mipo are reliant on for demand.

## Hyundai Mipo Dockyard Co Ltd



Source: IHS Markit

**Contacts:****Simon Colvin**

Analyst

+44 20 7260 7614

Simon.colvin@ihsmarkit.com

For further information, please visit [www.ihsmarkit.co](http://www.ihsmarkit.co)

**Disclaimer**

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.