

Most shorted ahead of earnings

A review of how short sellers are positioning themselves in companies due to announce results in the coming week.

- Lumber Liquidators most shorted ahead of earnings after its arsenic scandal
- Logitech sees a resurgence in short interest in the weeks leading up to earnings
- Great Wall Motor has seen a 17 fold jump in demand to borrow in the last month

North America

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Lumber Liquidators Holdings Inc	Home Improvement Retail	LL	10/21/2015	38.3	2%
World Acceptance Corp	Consumer Finance	WRLD	10/22/2015	34.3	-4%
Athenahealth Inc	Health Care Technology	ATHN	10/22/2015	26.0	-5%
Gulfmark Offshore Inc	Oil & Gas Equipment & Services	GLF	10/20/2015	25.8	-9%
Igi Laboratories Inc	Pharmaceuticals	IG	10/22/2015	25.4	5%
Wesco International Inc	Trading Companies & Distributors	WCC	10/22/2015	24.8	1%
Flotek Industries Inc	Specialty Chemicals	FTK	10/21/2015	23.1	-8%
Jakks Pacific Inc	Leisure Products	JAKK	10/23/2015	21.8	6%
Basic Energy Services Inc	Oil & Gas Equipment & Services	BAS	10/22/2015	21.7	17%
Shaw Communications Inc	Cable & Satellite	SJR.B	10/22/2015	20.9	152%
Precision Drilling Corp	Oil & Gas Drilling	PD	10/22/2015	19.4	15%
Clean Energy Fuels Corp	Oil & Gas Refining & Marketing	CLNE	10/23/2015	18.7	-1%
Teck Resources Ltd	Diversified Metals & Mining	TCK.B	10/22/2015	18.4	12%
Verisign Inc	Internet Software & Services	VRSN	10/22/2015	18.4	-3%
Core Laboratories Nv	Oil & Gas Equipment & Services	CLB	10/21/2015	18.3	-5%
Proto Labs Inc	Industrial Machinery	PRLB	10/22/2015	17.0	4%
Cree Inc	Semiconductors	CREE	10/20/2015	16.7	-19%
Petmed Express Inc	Internet Retail	PETS	10/19/2015	16.7	8%
Chicago Bridge & Iron Company N	Construction & Engineering	CBI	10/23/2015	16.2	-13%
Devry Education Group Inc	Education Services	DV	10/22/2015	15.8	7%

Oil continues to be in focus this earnings season with five oil and gas names making their way onto the most shorted list.

The most shorted of the lot is Gulfmark Offshore, which has 258% of shares out on loan. Short sellers have trimmed their positions somewhat as demand to borrow the offshore supply vessel firm's shares is down by a fifth from the highs seen earlier in the year.

While Gulfmark has seen short seller cover in recent weeks, the same can't be said for Basic Energy, the second most shorted energy name announcing earnings this week. Demand to borrow Basic shares has seen a more than fivefold increase in the last 10 months with over 21% of its shares now out on loan, an all-time high. This has continued in the month leading up to earnings with demand to borrow now 15% higher than a month ago.

Another favourite sector for short sellers, for profit education, is also making an appearance this week with Devry Education seeing just under 16% of its shares shorted. Demand to borrow Devry shares has surged by tenfold in the last six months after the firm announced a disastrous earnings in which it reported a double digit fall in enrolment.

The week's most shorted share globally is home improvement firm Lumber Liquidators, which sees 38% of its shares out on loan. The firm has been the target of short sellers for several years now as short interest has not dipped below the 10% mark in the last three years. Short sellers have been emboldened recently in the wake of a "60 Minutes" **investigation** regarding arsenic levels in some of its laminate floors. This in turn saw its shares tumble while short interest jumped to the current all-time high.

Lumber Liquidators Holdings Inc





Logitech also makes an appearance in the most shorted list. The firm has seen a 15% jump in short interest in the last four weeks to a new yearly high.

Short sellers have also been getting behind the slump in metals prices in recent months. This week sees Ssab experience the highest level of short interest in over 10 months after short sellers increased their positions by 18% in the last month.

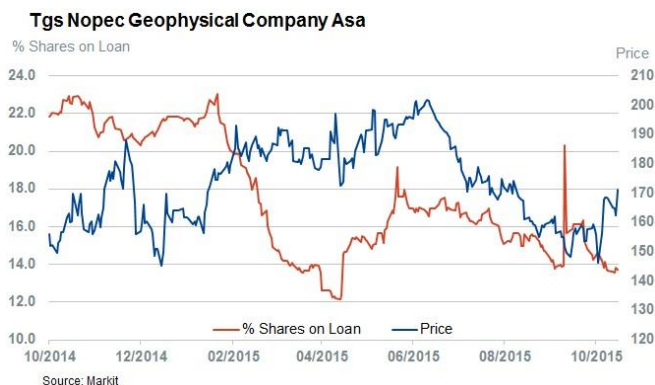
Western Europe

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Tgs Nopec Geophysical Company	Oil & Gas Equipment & Services	TGS	10/23/2015	13.7	-15%
Logitech International Sa	Technology Hardware, Storage & Perip	LOGN	10/22/2015	11.8	15%
Metsa Oyj	Industrial Machinery	MEO1V	10/22/2015	11.4	28%
Gemalto Nv	Application Software	GTO	10/23/2015	11.2	-1%
Ssab Ab	Steel	SSAB A	10/22/2015	11.1	18%
Konecranes Abp	Industrial Machinery	KCR1V	10/21/2015	10.5	-23%
Kone Oyj	Industrial Machinery	KNEBV	10/22/2015	9.9	5%
Norwegian Air Shuttle Asa	Airlines	NAS	10/22/2015	9.2	21%
Petroleum Geo Services Asa	Oil & Gas Equipment & Services	PGS	10/23/2015	8.8	-29%
Banco De Sabadell Sa	Diversified Banks	SAB	10/23/2015	7.6	-7%
Sandvik Ab	Industrial Machinery	SAND	10/23/2015	6.7	8%
Home Retail Group Plc	Catalog Retail	HOME	10/21/2015	6.0	-13%
Be Semiconductor Industries Nv	Semiconductor Equipment	BESI	10/22/2015	5.9	-5%
Arcam Publ Ab	Industrial Machinery	ARCM	10/21/2015	5.6	-17%
Grand City Properties Sa	Diversified Real Estate Activities	GYC	10/22/2015	5.4	15%
Amplifon Spa	Health Care Distributors	AMP	10/22/2015	5.3	8%
Neste Oyj	Oil & Gas Refining & Marketing	NESTE	10/23/2015	5.3	14%

The lone UK name to make the most shorted ahead of earnings list is Home Retail Group, which has seen its demand to borrow jump by 300% in the last four months to the highest level since the end of 2013.



Oil names also make an appearance in Europe this week with geophysical mapping firms Tgs Nopec and Petroleum Geo Services both making the most shorted ahead of earnings list. The former is the most shorted of the pair with 13.7% of shares out on loan, although both have seen significant short covering from the highs seen in January when both firms had more than 20% of shares out on loan.



Asia Pacific

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Great Wall Motor Co Ltd	Automobile Manufacturers	2333	10/23/2015	9.2	1740%
Samsung Heavy Industries Co Ltd	Construction Machinery & Heavy Truck	010140	10/20/2015	8.6	3%
Yaskawa Electric Corp	Electronic Components	6506	10/20/2015	7.9	-24%
Zijin Mining Group Co Ltd	Gold	2899	10/20/2015	5.7	6%
Sembcorp Marine Ltd	Construction Machinery & Heavy Truck	S51	10/22/2015	4.8	3%
Samsung Engineering Co Ltd	Construction & Engineering	028050	10/20/2015	4.5	-14%
Ezra Holdings Ltd	Oil & Gas Equipment & Services	5DN	10/23/2015	4.0	-10%
Tcl Communication Technology Hk	Technology Hardware, Storage & Perip	2618	10/20/2015	3.9	-6%
Genky Stores Inc	Drug Retail	2772	10/20/2015	3.4	4%
Keppel Corporation Ltd	Industrial Conglomerates	BN4	10/22/2015	3.2	-19%

The standout name in Asia ahead of earnings this week is Great Wall Motor, which has seen demand to borrow jump by more than 15 times in the last month. Great Wall shares are down by over 60% from highs seen earlier in the name, and the recent weak Chinese growth number looks to have emboldened short sellers even more as the firm now sees 9% of its shares out on loan, the highest since early 2014.

The weak growth, trade and commodities data across the world has also been spurring on short sellers in global shipbuilding stocks in recent months. This week sees Samsung Heavy Industries, the largest shipbuilder in the world reach an all-time high of 8% in its shares out on loan ahead of earnings. This is over four times the levels seen 12 months ago as the firm struggles with a glut in global shipping.



Fellow ship engineering firm Sembcorp Marine also makes the most shorted ahead of earnings list with 4.7% of its shares out on loan.

Simon Colvin

Analyst

Markit

Tel: +44 207 260 7614

Email: simon.colvin@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.