

Most shorted ahead of earnings

A review of how short sellers are positioning themselves ahead of earnings announcements in the coming week.

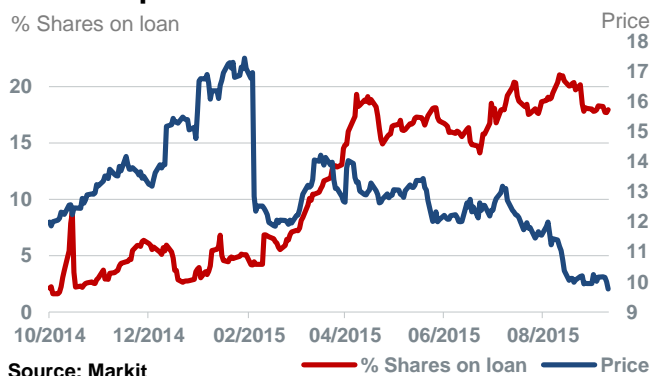
- Home décor retailer Pier 1 Imports is the most shorted ahead of earnings in North America
- Short sellers return to BlackBerry as short interest levels shoot up to a two year high
- **Markit Dividend Forecasting** expects Esprit, the most shorted in Apac, to suspend its final dividend

North America

Name	Industry	Ticker	Value on loan Outstanding (\$m)	% Shares Outstanding On Loan	1 Month % Change
Pier 1 Imports Inc	Homefurnishing Retail	PIR	160,849,392	17.9	11%
Agf Management Ltd	Asset Management & Custody	AGFB	63,561,828	14.8	6%
Blackberry Ltd	Technology Hardware, Storage	BB	532,004,608	13.1	9%
Dhx Media Ltd	Movies & Entertainment	DHX.B	59,550,600	11.4	6%
Kb Home	Homebuilding	KBH	165,429,232	11.9	3%
Lennar Corp	Homebuilding	LEN	1,012,237,504	11.0	1%
Bed Bath & Beyond Inc	Homefurnishing Retail	BBBY	1,063,658,624	10.0	16%
Carmax Inc	Automotive Retail	KMX	913,660,544	7.0	10%
Factset Research Systems Inc	Application Software	FDS	391,031,936	5.7	-5%
Advanced Drainage Systems Inc	Building Products	WMS	93,245,712	5.5	22%

For a consecutive **quarter**, the most shorted ahead of earnings in North America is home décor retailer Pier 1 Imports. Short sellers have continued to target Pier 1 Imports, increasing positions by 15% in the last three months with shares outstanding on loan rising to 17.9%. The stock has declined 19% over the same period as the firm's profit stagnates amid moderate sales increases and margin pressure.

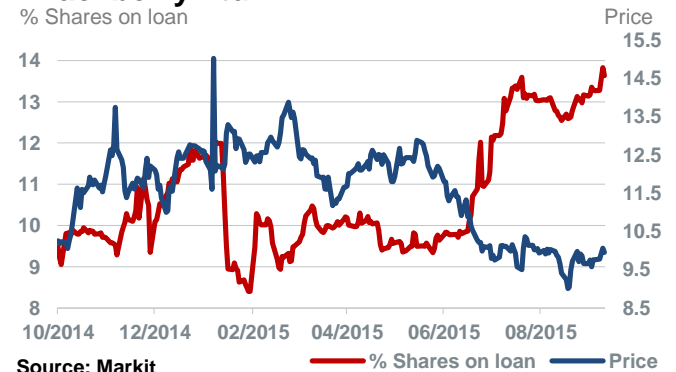
Pier 1 Imports Inc



The home furnisher Bed Bath & Beyond joins Pier 1 Imports in seventh position among the most shorted with 10% of shares outstanding on loan ahead of earnings.

BlackBerry, the now niche handset maker which is expected to **release** its first Android powered smartphone shortly, has once again attracted the attention of short sellers.

Blackberry Ltd



The company's first quarter earnings reported in June 2015 **initially** pleased investors with signs of a turnaround. However, concerns that higher software revenues were not recurring saw shares slide and short interest levels rise.

Shares outstanding on loan have risen to a two year high of 12.1%, climbing 40% in the last three months while the stock has slipped 9%.

Shorts have marginally covered positions in Kb Home with the company **moving down** the most shorted rankings from second to fifth with 11.9% of shares outstanding on loan.

Kb Home

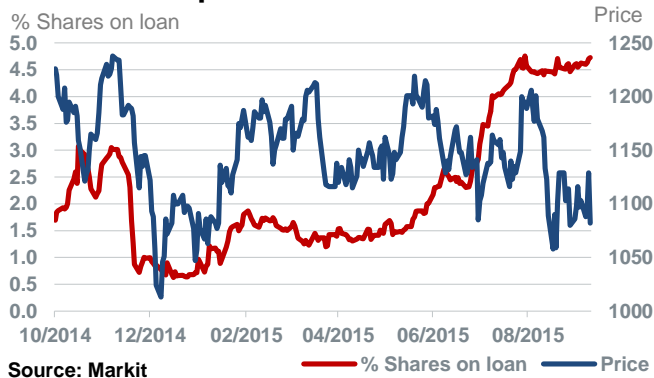


Kb Home is closely followed by homebuilder Lennar, which has 11% of shares outstanding on loan ahead of earnings.

Western Europe

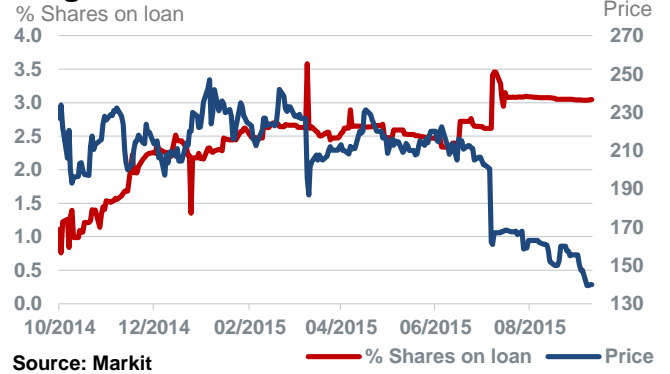
Europe is relatively quiet in terms of high short interest activity in companies reporting earnings in the coming week.

Smiths Group Plc



Most shorted is Smiths Group with 4.7% of shares outstanding on loan. Short interest has increased twofold over the last 12 months in the industrial technology company.

Regeneris Plc



Regeneris, a global electronics repair outsource partner to consumer brands, is among the most shorted companies in Europe ahead of earnings this week. With 3% of shares currently outstanding on loan, the stock has fallen 57% in the last 12 months. Shares came under pressure after a key client announced **consolidation** plans, impacting the company's depot operations.

Apac

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Esprit Holdings Ltd	Apparel Retail	330	24/09/2015	6.6	5%
Asahi Co Ltd	Specialty Stores	3333	26/09/2015	4.0	-3%
Zuiko Corp	Industrial Machinery	6279	25/09/2015	3.5	9%
Chaoda Modern Agriculture Holdings L	Agricultural Products	682	25/09/2015	3.5	-33%
Kaisa Group Holdings Ltd	Real Estate Development	1638	19/09/2015	2.7	1%

Hong Kong listed clothing retailer Esprit is the most shorted ahead of earnings this week in Apac with 6.6% of shares outstanding on loan. Esprit stock is down a third over the last 12 months.

Esprit Holdings Ltd



After a turnaround in profitability in FY14, Esprit announced it expects to record a substantial loss in FY15. Underperformance in China and weak sales of managed retail stores contributed to non-recurring provisions and impairments. With an expected loss for the current year, **Markit Dividend Forecasting** anticipates the final dividend to be suspended.

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

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