

Most shorted ahead of earnings

Monday, June 19th 2017

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

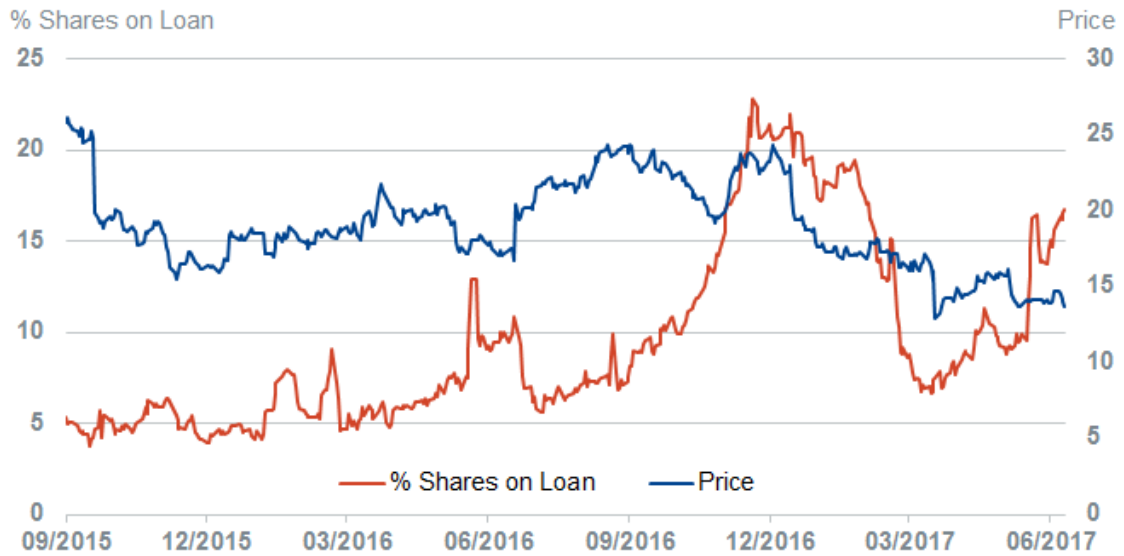
- Finish Line sees shorts increase their positions by two thirds in the last month
- Carmax heavily targeted by short sellers heading into earnings
- Short sellers have covered their positions in SAS as analysts upped their forecast

North America

Name	Industry	Ticker	Report Day	% Shares Outstanding On Loan	1 Month % Change
Finish Line Inc	Specialty Retail	FINL	Friday	16.5	67%
Carmax Inc	Specialty Retail	KMX	Wednesday	13.7	0%
Apogee Enterprises Inc	Building Products	APOG	Thursday	13.7	-1%
Eros International Plc	Media	EROS	Wednesday	13.1	2%
Actuant Corp	Machinery	ATU	Wednesday	12.7	20%
Sonic Corp	Hotels, Restaurants & Leisure	SONC	Thursday	12.6	-6%
Winnebago Industries Inc	Automobiles	WGO	Wednesday	10.3	36%
Bed Bath & Beyond Inc	Specialty Retail	BBBY	Thursday	9.5	18%
Commercial Metals Co	Metals & Mining	CMC	Thursday	5.0	-6%
Blackberry Ltd	Technology Hardware, Storage & Perip	BB	Friday	4.3	4%

The relatively light earnings activity this week hasn't precluded short sellers from indulging in a bit of retail therapy. This year's favorite sector for short sellers continues to dominate the headlines: the news that Amazon is expanding into brick and mortar with the takeover of Whole Foods will no doubt embolden short sellers. For example, this week's high conviction retail short, Finish Line – which saw its short positions increase by over 60% in recent weeks – will release earnings on Friday. Meanwhile, the same morning the Whole Foods deal was announced, Finish Line saw its share price fall by over 3%.

Finish Line Inc

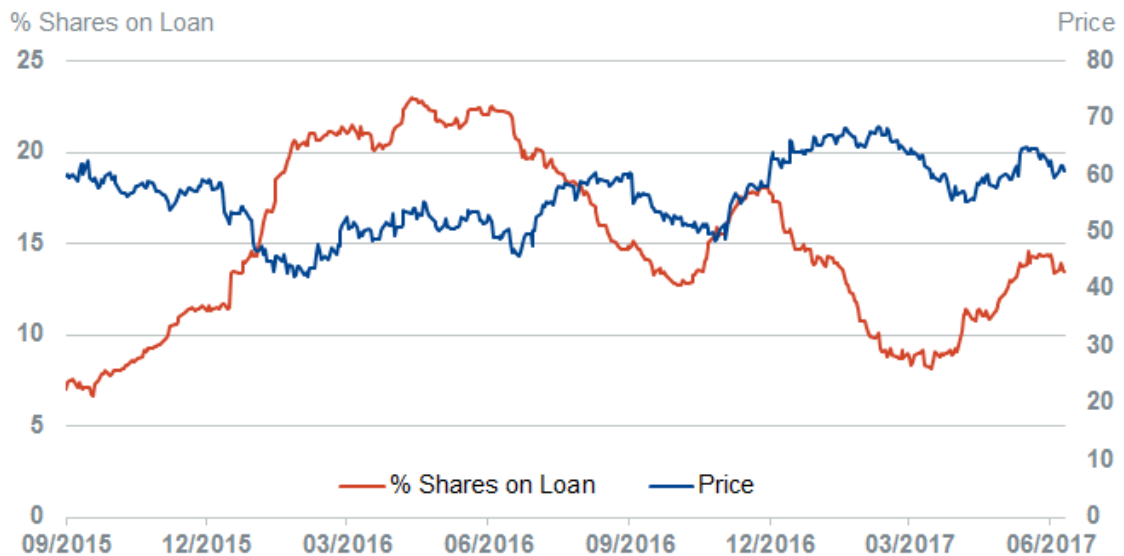


Source: IHS Markit

Short sellers also targeted fellow retailer Bed Bath & Beyond over the last month, and the retailer saw its shares fall significantly on the news of the Whole Foods takeover.

In the automotive industry, the falling value of second-hand cars caught the attention of short sellers in recent months. Bears are targeting used car dealer CarMax with increased ferocity and have more than 13% of all shares on loan ahead of Wednesday's earnings announcement. This very high demand earns the firm the second spot on this week's list of the most shorted North American companies.

CarMax Inc



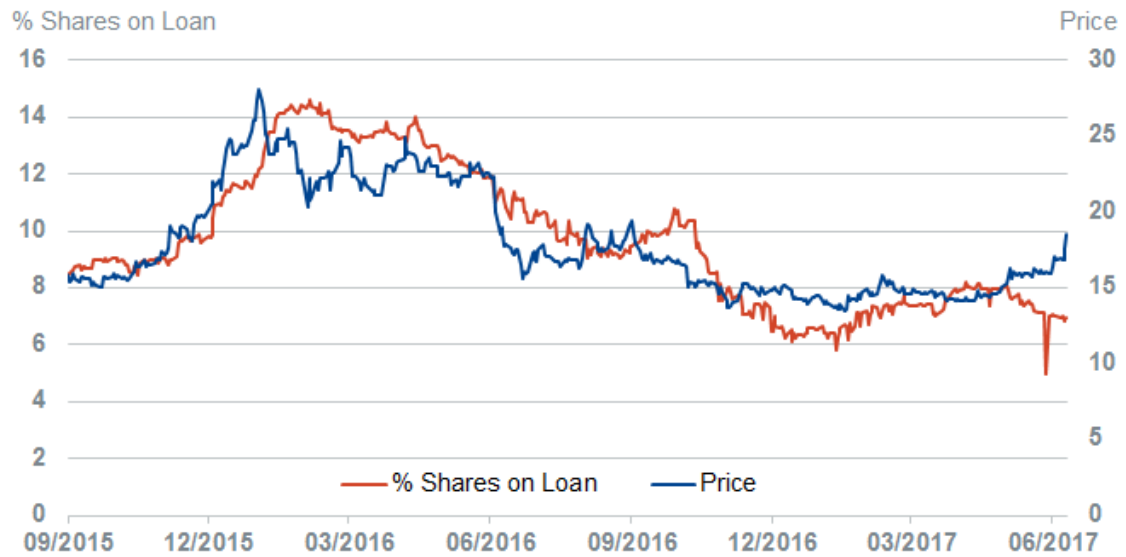
Source: IHS Markit

Caravan manufacturer Winnebago has also been hit by short sellers, as the demand to borrow its shares surged by 36% over the past month.

Europe

This week, the only firm to see major shorting activity in Europe is airline SAS, which has around 7% of its shares out on loan. Year-to-date, investors have been bullish on SAS, and the price of its shares rallied by more than a third.

Sas Ab



Source: IHS Markit

Analysts are also behind this rally and steadily increased their expectations for the firm's upcoming earnings: they are now forecasting a 10% increase in revenue over Q2 2016. Short sellers, however, are getting increasingly unwilling to gamble against this rally as the demand to borrow SAS shares has fallen significantly in the last few months.

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