

Most shorted ahead of earnings

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

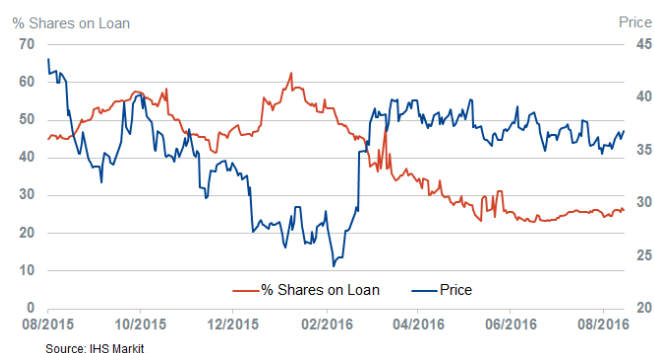
- Retailers continue to feature prominently among heavily shorted firms announcing earnings
- Carillion sees twice as much short interest as any of European firm announcing earnings
- Worleyparsons sees large jump in short interest despite recent rebound

North America

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Zoe'S Kitchen Inc	Consumer Services	ZOES	8/22/2016	26.2	2%
Gamestop Corp	Retailing	GME	8/25/2016	21.0	9%
Lannett Company Inc	Pharmaceuticals, Biotechnology & Life LCI		8/23/2016	19.5	1%
Sanderson Farms Inc	Food Beverage & Tobacco	SAFM	8/25/2016	15.5	-5%
Tiffany & Co	Retailing	TIF	8/25/2016	14.7	20%
Williams-Sonoma Inc	Retailing	WSM	8/24/2016	14.2	-14%
Rex American Resources Corp	Energy	REX	8/25/2016	14.0	6%
Power Solutions International Inc	Capital Goods	PSIX	8/25/2016	13.4	16%
Ship Finance International Ltd	Energy	SFL	8/23/2016	13.3	1%
Golar Lng Ltd	Energy	GLNG	8/26/2016	12.1	23%
Jinkosolar Hldg Adr Rep 4 Ord	Semiconductors & Semiconductor Equ	JKS	8/25/2016	12.0	-3%
Dycor Industries Inc	Capital Goods	DY	8/23/2016	11.0	-21%
Celadon Group Inc	Transportation	CGI	8/24/2016	9.1	-3%
Aceto Corp	Health Care Equipment & Services	ACET	8/25/2016	8.9	-6%
Signet Jewelers Ltd	Retailing	SIG	8/25/2016	8.2	-6%
Pure Storage Inc	Technology Hardware & Equipment	PSTG	8/25/2016	7.9	-5%
Best Buy Co Inc	Retailing	BBY	8/23/2016	7.7	11%
Titan Machinery Inc	Capital Goods	TITN	8/25/2016	7.4	-6%

The most shorted company announcing earnings this week is casual dining eatery Zoe's Kitchen which has more than 26% of its shares shorted. Bears have been circling around Zoe's for quite some time and the company had more than 60% of its shares shorted earlier in the year. The company was able to placate some of its doubters in its first quarter earnings however which sent its shares up sharply and prompted short sellers to cover half their positions in the firm. But this covering has stalled in recent weeks and the current borrow is still over ten times the average seen in the rest of the market which indicates that doubts around the company are yet to be fully appeased.

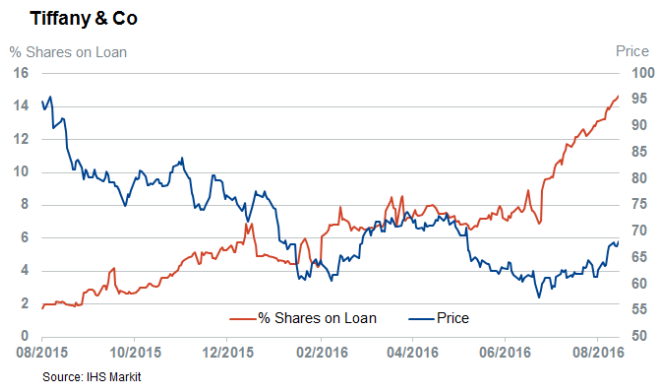
Zoe'S Kitchen Inc



Retailers, which featured heavily in last week's most shorted ahead of earnings report, continue to see heavy short interest with short sellers targeting the jewellery and tech retail space in this week's batch of heavily shorted firms.

Short interest in the jewellery sector is led by Tiffany, which has just under 15% of its shares shorted; three times its January level. The company's disappointing guidance coming out of last year's Q4 results was the catalyst for the recent bear raid and short sellers have continued to add to their positions in the last six months despite the fact that Tiffany shares have recovered most of their lost ground in the last few weeks.

Markit Equities Commentary



The other heavily shorted jewellery firm announcing earnings this week is Signet Jewelers which has 8% out on loan to short sellers.

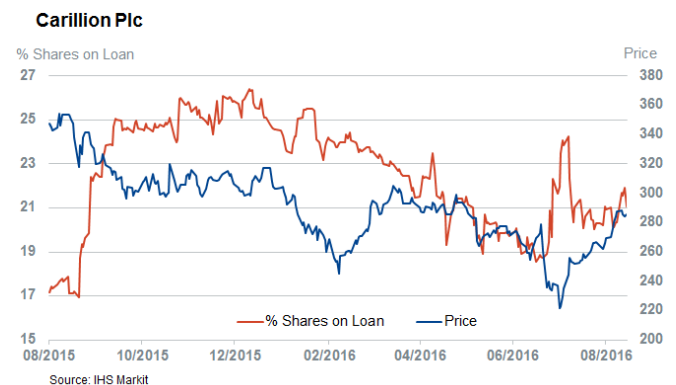
In the tech retail space, short sellers are targeting Gamestop which has over 21% of its shares out on loan. Gamestop shares, which have been a very profitable trade for short sellers, have rebounded from their lows after the firm was able to ride the Pokémon Go craze by attracting food traffic to its stores by making them in game “poke stops”. Short sellers haven’t been convinced by this recent 20% rebound and have increased their positions by a tenth in the month leading up to earnings.

The other tech retailer seeing heavy short interest, Best Buy, has also seen a pickup in short interest in the last month.

Europe

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Carillion Plc	Capital Goods	CLLN	8/24/2016	21.1	2%
Charles Voegele Holding Ag	Retailing	VCH	8/24/2016	10.5	-8%
Ablynx Nv	Pharmaceuticals, Biotechnology & Life	ABLX	8/25/2016	10.1	-1%
Seadrill Ltd	Energy	SDRL	8/25/2016	9.8	4%
Gemalto Nv	Software & Services	GTO	8/26/2016	9.5	-5%
Hansteen Holdings Plc	Real Estate	HSTN	8/23/2016	8.1	1%
Schoeller Bleckmann Oilfield Equi	Energy	SBO	8/24/2016	6.9	3%
Conwert Immobilien Invest Se	Real Estate	CWI	8/24/2016	5.4	36%
Prosafe Se	Energy	PRS	8/24/2016	5.4	33%
Allied Minds Plc	Diversified Financials	ALM	8/25/2016	5.0	-10%
Oci Nv	Materials	OCI	8/25/2016	4.8	5%
Brunello Cucinelli Spa	Consumer Durables & Apparel	BC	8/25/2016	4.3	-10%
Hikma Pharmaceuticals Plc	Pharmaceuticals, Biotechnology & Life	HIK	8/24/2016	4.0	10%
U Blox Holding Ag	Semiconductors & Semiconductor Equ	UBXN	8/26/2016	4.0	-26%
Avance Gas Holding Ltd	Energy	AVANCE	8/24/2016	4.0	-27%
Restaurant Group Plc	Consumer Services	RTN	8/26/2016	3.5	-12%

In Europe, Carillion has twice the short interest out of any company announcing earnings this week, with 21% of the UK outsourced service provider’s shares out on loan. Carillion shares, which took a battering in the wake of the UK referendum have rebounded strongly in the last few weeks, but short sellers have been willing to stay the course given the proportion of Carillion shares out on loan has stayed roughly flat despite the rebound.



Energy names continue to feature heavily in this earning cycle with short sellers targeting Seadrill, Schoeller Bleckmann and Prosafe among the firms announcing earnings this week.

Apac

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Worleyparsons Ltd	Energy	WOR	8/24/2016	17.0	22%
Flight Centre Travel Group Ltd	Consumer Services	FLT	8/25/2016	13.1	-1%
Western Areas Ltd	Materials	WSA	8/25/2016	13.0	8%
Monadelphous Group Ltd	Capital Goods	MND	8/23/2016	12.0	-1%
Anhui Conch Cement Co Ltd	Materials	914	8/22/2016	10.3	33%
Cabcharge Australia Ltd	Commercial & Professional Services	CAB	8/26/2016	9.4	-5%
Gcl-Poly Energy Holdings Ltd	Semiconductors & Semiconductor Equ	3800	8/24/2016	9.4	7%
Blackmores Ltd	Household & Personal Products	BKL	8/24/2016	9.3	-13%
Advanced Wireless Semiconducto	Semiconductors & Semiconductor Equ	8086	8/25/2016	8.8	24%
China Cosco Holdings Co Ltd	Transportation	1919	8/25/2016	8.3	-13%
Alumina Ltd	Materials	AWC	8/24/2016	8.3	-2%
Byd Co Ltd	Automobiles & Components	1211	8/26/2016	8.1	-1%
Want Want China Holdings Ltd	Food Beverage & Tobacco	151	8/23/2016	7.4	-2%
H.I.S. Co Ltd	Consumer Services	9603	8/26/2016	7.4	-7%
Mma Offshore Ltd	Transportation	MRM	8/23/2016	7.2	0%
Aluminum Corp Of China Ltd	Materials	2600	8/25/2016	7.2	-17%
Qube Holdings Ltd	Transportation	QUB	8/24/2016	7.1	-7%

Energy also features heavily among the Asian companies seeing heavy short interest in the lead-up to earnings, led by Worleyparsons. The Australian engineering services firm has seen its share price double since the start of the year following a stabilisation in oil prices

and aggressive cost cutting, but short sellers have been staying the course as the current demand to borrow the firm's shares is 60% higher year to date.



Another firm experiencing a heavy bearish sentiment leading up to earnings this week is Ahui Conch Cement whose short interest has jumped by a third in the last month. This recent bear raid takes the company back over the 10% of shares outstanding mark for the first time so far this year.

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