

Most shorted ahead of earnings

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

- Food producers heavily represented with Cal-Maine seeing most bearish sentiment
- The AA sees the largest jump in short interest leading up to earnings in Europe
- Homeware retailer Dcm is the most shorted Asian company announcing earnings this week

North America

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Cal-Maine Foods Inc	Food Products	CALM	9/26/2016	27.2	2%
Pier 1 Imports Inc	Specialty Retail	PIR	9/28/2016	17.7	17%
Performance Sports Group Ltd	Leisure Products	PSG	9/26/2016	9.1	-8%
Actuant Corp	Machinery	ATU	9/28/2016	9.1	8%
Blackberry Ltd	Technology Hardware, Storage & Perip	BB	9/28/2016	7.9	3%
Agf Management Ltd	Capital Markets	AGFB	9/28/2016	7.6	12%
Factset Research Systems Inc	Capital Markets	FDS	9/27/2016	7.4	1%
Dhx Media Ltd	Media	DHX.B	9/26/2016	6.1	0%
Calamp Corp	Communications Equipment	CAMP	9/29/2016	5.6	-1%
Carnival Corp	Hotels, Restaurants & Leisure	CCL	9/26/2016	5.4	69%
Landec Corp	Food Products	LNDC	9/27/2016	5.2	-27%
Hain Celestial Group Inc	Food Products	HAIN	9/30/2016	4.1	-42%
Thor Industries Inc	Automobiles	THO	9/26/2016	3.7	12%
Mccormick & Company Inc	Food Products	MKC	9/30/2016	3.6	8%
Lifevantage Corp	Personal Products	LFVN	9/30/2016	3.6	11%
Paychex Inc	IT Services	PAYX	9/28/2016	3.3	-24%

Food producers are the key short play among firms announcing earnings this week with four producers seeing more than 3% of shares out on loan ahead of earnings.

The most shorted of this week's lot is egg producer Cal-Maine which has over 27% of its shares out on loan. Short sellers have continued to add to their positions in Cal-Maine shares ever since they began to slide from their highs last summer.



This price slide and the subsequent increase in short positions have been driven by

“**extreme**” volatility in the price of eggs which led the firm to report a \$0.01 loss per share in its latest quarterly earnings. Analysts are expecting this week's earnings to be even worse for the company, something which short sellers are positioning to benefit from as to borrow Cal-Maine shares has increased by 20% since the end of July.

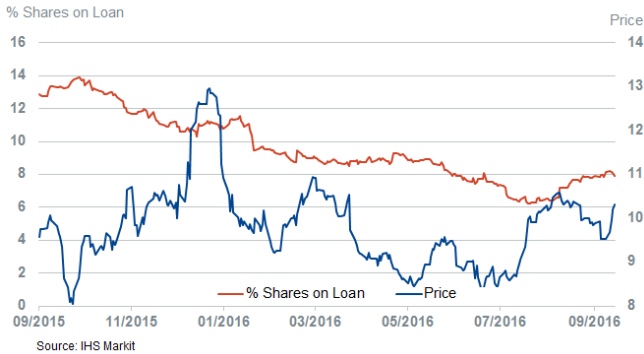
The other food retailers seeing heavy demand to borrow in the last few weeks include Landec, Hain Celestial and McCormick which have between 3% and 5% of their shares out on loan.

Homeware retailer Pier 1 Import is the only other firm besides Cal-Maine to see more than 10% of its shares out on loan prior to earnings. Demand to borrow Pier 1 shares has increase by 17% in the last four weeks after the company **preannounced** a very disappointing 6.7% decline in year on year sales.

Another firm seeing a large rise in short interest in recent weeks is Blackberry as demand to borrow its shares has increased by a third since the end of July. While short interest in Blackberry is still around half the levels it was at its highs at the end of last year, the recent increase in demand to borrow indicates that the company's plan to **diversify away** from its current core enterprise communication business is being met with scepticism.

Markit Equities Commentary

Blackberry Ltd



This surge in shorting activity comes despite the fact that AA recently offloaded its Irish operations to private equity group Carlyle for €156.6m.

Apac

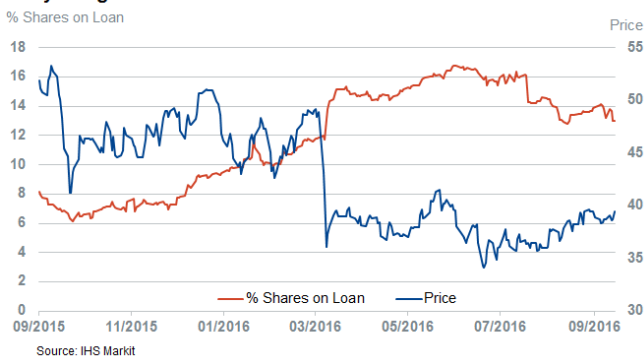
Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Dcm Holdings Co Ltd	Specialty Retail	3050	9/27/2016	6.4	-6%
Karoon Gas Australia Ltd	Oil, Gas & Consumable Fuels	KAR	9/29/2016	6.3	-4%
Right On Co Ltd	Specialty Retail	7445	9/27/2016	5.0	-14%
Hua Han Health Industry Holdings	Pharmaceuticals	587	9/30/2016	4.3	-9%
Nihon Enterprise Co Ltd	Software	4829	9/30/2016	3.8	-9%
Star Micronics Co Ltd	Machinery	7718	9/29/2016	3.1	-9%
Highfield Resources Ltd	Chemicals	HFR	9/28/2016	3.1	-21%

Europe

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Aryzta Ag	Food Products	ARYN	9/26/2016	13.0	-3%
Neopost Sa	Technology Hardware, Storage & Perip	NEO	9/27/2016	6.7	-29%
Orpea Sa	Health Care Providers & Services	ORP	9/28/2016	5.1	0%
Aroundtown Property Holdings Plc	Real Estate Management & Developm	ALATP	9/27/2016	3.9	21%
Circassia Pharmaceuticals Plc	Biotechnology	CIR	9/27/2016	3.8	-7%
Aa Plc	Diversified Consumer Services	AA	9/28/2016	3.4	50%

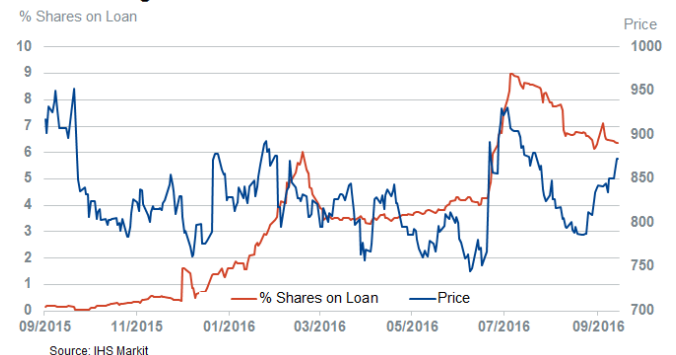
Food also features prominently on short sellers' minds this week as Swiss listed frozen foods manufacturer Aryzta has 13% of its shares out on loan ahead of its earnings announcement on Monday. Aryzta shares have been buffeted by poor business conditions and a slew of corporate restructuring. Aryzta shareholders are saw some respite from the bad news last week as its stock price rebounded by nearly 10% after the company announced that it has appointed a new chairman.

Aryzta Ag



Home ware retainer Dcm is the most shorted Asian name announcing earnings this week with 6.4% of its share out on loan. Dcm's short interest spiked back in July after a strong run in its share price, but short sellers have been covering heading into earnings as the current demand to borrow DCM shares is down by a quarter in the from the recent highs.

Dcm Holdings Co Ltd



The demand to borrow this week's lot of heavily shorted Asian stocks has been declining heading into earnings as all seven firms on this week's screen have seen a fall in the amount of shares out on loan in the last four weeks.

UK roadside assistance provider AA Plc has seen the largest increase in shorting activity leading up to earnings as demand to borrow its shares jumped by 50% in the last month.

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