

# Most shorted ahead of earnings

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

- Short sellers tighten grip on Carbo Ceramics as rig counts and fracking operations plummet
- End to the pilot strikes at Air France KLM and Norwegian Air Shuttle lifts stocks
- Shares in China's largest cement maker rally, sending short sellers packing

## North America

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Carbo Ceramics Inc	Oil & Gas Equipment & Services	CRR	30/04/2015	39.2	-3%
World Acceptance Corp	Consumer Finance	WRLD	29/04/2015	33.7	5%
Rex Energy Corp	Oil & Gas Exploration & Production	REXX	29/04/2015	29.2	-26%
Lumber Liquidators Holdings Inc	Home Improvement Retail	LL	29/04/2015	29.8	3%
Cliffs Natural Resources Inc	Steel	CLF	28/04/2015	27.9	2%
Iridium Communications Inc	Alternative Carriers	IRDM	30/04/2015	26.3	7%
Athenahealth Inc	Health Care Technology	ATHN	30/04/2015	25.4	6%
Iconix Brand Group Inc	Apparel, Accessories & Luxury Goods	ICON	30/04/2015	25.3	14%
Dorman Products Inc	Auto Parts & Equipment	DORM	29/04/2015	25.1	10%
Igi Laboratories Inc	Pharmaceuticals	IG	29/04/2015	24.6	4%
Energy XXI Ltd	Oil & Gas Exploration & Production	EXXI	30/04/2015	22.6	-17%
Vasco Data Security International	Systems Software	VDSI	28/04/2015	23.4	0%
Textura Corp	Internet Software & Services	TXTR	30/04/2015	23.0	8%
Taser International Inc	Aerospace & Defense	TASR	30/04/2015	23.0	-2%
U.S. Silica Holdings Inc	Oil & Gas Equipment & Services	SLCA	28/04/2015	23.4	2%
3D Systems Corp	Technology Hardware, Storage & Per	DDD	29/04/2015	21.6	3%
United States Steel Corp	Steel	X	28/04/2015	21.0	-9%
Dreamworks Animation Skg Inc	Movies & Entertainment	DWA	30/04/2015	20.7	1%
Jetblue Airways Corp	Airlines	JBLU	28/04/2015	21.3	-17%
Pacific Ethanol Inc	Oil & Gas Refining & Marketing	PEIX	30/04/2015	20.8	2%

The demand to borrow stock in Carbo Ceramics has risen significantly in the last three months, indicating increased conviction among short sellers that the company's share price may come under further pressure. The benchmark fee to borrow stock has increased fivefold year to date from below 5% to above 25%.

Carbo Ceramics announced on March 17<sup>th</sup> that it has cut its quarterly dividend by two thirds to \$0.10 (record date May 1<sup>st</sup> 2015). The cut is accompanied by a reduction in workforce, an idling of production and mothballing of a plant forming as part of a cost-reduction and cash preservation initiative. Management cited "severe market deterioration" as motivating the recent moves.

With rig counts expected to bottom out in the US this **summer** and oil production becoming less profitable, Carbo Ceramics features yet **again** as the most shorted stock ahead of earnings. The company's share price has remained flat over the last three months while short sellers have continued to increase positions with shares outstanding on loan increasing from 35% to 39%.

## Carbo Ceramics Inc



## Rex Energy Corp



Rex Energy is a primary oil & gas explorer and producer in the Appalachian and Illinois regions and is currently the third most shorted in North America ahead of earnings. With 29% of shares outstanding now on loan, short

sellers have covered in recent weeks as oil prices have recovered. The stock price has actually already recovered by 70% in the last three months but is still 76% down over the last 12 months.

Another oil & gas name among the most shorted ahead of earnings is Energy XXI which currently has 23% of shares outstanding on loan. The company explores and produces oil in the Gulf of Mexico and recently cut their dividend by 90% in January.

### Energy Xxi Ltd



Source: Markit

### Western Europe

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Aixtron Se	Semiconductor Equipment	AXA	29/04/2015	22.8	12%
Gernlto Nv	Application Software	GTO	01/05/2015	15.8	-11%
Petroleum Geo Services Asa	Oil & Gas Equipment & Services	PGS	01/05/2015	15.0	14%
Outotec Oyj	Construction & Engineering	OTE1V	28/04/2015	13.0	-12%
Air France Klm Sa	Airlines	AF	01/05/2015	12.4	-8%
Norwegian Air Shuttle Asa	Airlines	NAS	30/04/2015	10.8	-25%
Saipem Spa	Oil & Gas Equipment & Services	SPM	28/04/2015	11.0	-16%
Ssab Ab	Steel	SSAB A	28/04/2015	9.8	5%
Yit Oyj	Construction & Engineering	YTY1V	28/04/2015	8.4	-16%
Rib Software Ag	Application Software	RSTA	01/05/2015	7.4	-5%
Vossloh Ag	Construction Machinery & Heavy Tru	VOS	01/05/2015	7.1	-10%
Lancashire Holdings Ltd	Property & Casualty Insurance	LRE	01/05/2015	6.7	1%
Subsea 7 Sa	Oil & Gas Equipment & Services	SUBC	30/04/2015	6.2	0%
Orion Oyj	Pharmaceuticals	ORNEV	30/04/2015	6.5	-49%
Draegenwerk Pfr	Health Care Equipment	DRW3	30/04/2015	5.9	-9%
Outokumpu Oyj	Steel	OUT1V	30/04/2015	5.6	-29%
Amplifon Spa	Health Care Distributors	AMP	30/04/2015	5.2	-2%
Banco Popular Espanol Sa	Diversified Banks	POP	01/05/2015	4.9	32%
Binckbank Nv	Investment Banking & Brokerage	BINCK	01/05/2015	5.0	175%
Nokia Oyj	Communications Equipment	NOK1V	01/05/2015	5.3	57%

**Perennial** target of short sellers Aixtron retains the top spot of the most shorted in Europe ahead of earnings this week. The stock has seen a 40% rise in short interest over the last quarter, with shares outstanding on loan increasing to 23%.

### Aixtron Se



Source: Markit

Two airlines featuring in the most shorted ahead of earnings this week are Air France Klm and low cost carrier Norwegian Air Shuttle.

### Air France Klm Sa



Source: Markit

With 12% and 11 % of shares outstanding on loan respectively, both airlines have recently recovered from union led pilot strikes with both companies' share prices recovering and short sellers closing some of their positions.

### Norwegian Air Shuttle Asa

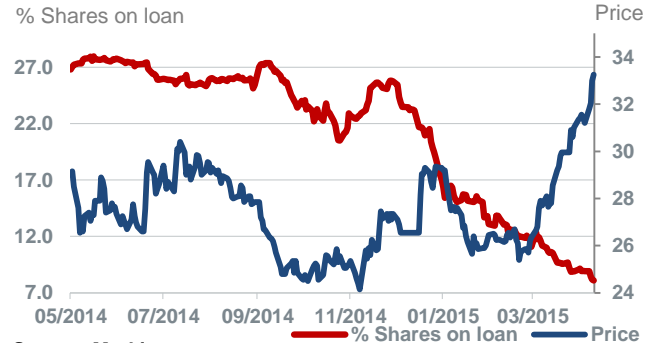


Source: Markit

Asia Pacific

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Gree Inc	Internet Software & Services	3632	29/04/2015	10.7	-21%
Yanzhou Coal Mining Co Ltd	Coal & Consumable Fuels	1171	29/04/2015	9.3	-20%
Advantest Corp	Semiconductor Equipment	6867	28/04/2015	9.3	-7%
Oci Co Ltd	Diversified Chemicals	010060	30/04/2015	9.0	5%
Japan Communications Inc	Wireless Telecommunication Service	9424	01/05/2015	8.7	28%
Anhui Conch Cement Co Ltd	Construction Materials	914	29/04/2015	8.1	-23%
Acer Incorporated	Technology Hardware, Storage & Per	2353	01/05/2015	8.4	6%
Colepl Inc	Application Software	3668	01/05/2015	7.9	20%
Career Technology Mfg Co Ltd	Electronic Components	6153	01/05/2015	7.3	15%
Wacom Co Ltd	Technology Hardware, Storage & Per	6727	01/05/2015	7.1	-3%
Macronix International Co Ltd	Semiconductors	2337	30/04/2015	6.9	9%
Gintech Energy Corp	Semiconductors	3514	01/05/2015	6.7	-26%
China Oilfield Services Ltd	Oil & Gas Drilling	2883	30/04/2015	6.0	-9%
Hwin Technologies Corp	Industrial Machinery	2049	28/04/2015	6.3	-7%
Aluminum Corp Of China Ltd	Aluminum	2600	29/04/2015	7.7	-8%
Samsung Heavy Industries Co Ltd	Construction Machinery & Heavy Tru	010140	28/04/2015	6.2	5%
Weichai Power Co Ltd	Construction Machinery & Heavy Tru	2338	29/04/2015	5.1	40%
Byd Co Ltd	Automobile Manufacturers	1211	28/04/2015	5.6	-19%
Wafer Works Corp	Semiconductor Equipment	6182	01/05/2015	5.7	-6%
Tpk Holding Co Ltd	Electronic Components	3673	30/04/2015	5.8	-16%

Anhui Conch Cement Co Ltd



Source: Markit

Advantest is the third most shorted stock ahead of earnings this week with in Apac with 9.3% of shares outstanding on loan. The provider of automated testing equipment into the semiconductor industry has seen resurgence in interest year to date, with shares outstanding on loan rising 30% to 9%.

Advantest Corp



Source: Markit

Anhui Conch Cement recently sent short sellers covering significantly as the share price rallied some 30% since the beginning of February 2015. Shares out on loan have decreased by a half since then but more noticeably, shorts have receded 70% since reaching highs in 2014 of 27% of shares outstanding on loan.

Relte Stephen Schutte

Analyst  
 Markit  
 Tel: +44 207 064 6447  
 Email: relte.schutte@markit.com

For further information, please visit [www.markit.com](http://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.