

# Most shorted ahead of earnings

A review of how short sellers are positioning themselves in stocks ahead of earnings announcements in the coming week, plus names identified at risk of experiencing a short squeeze.

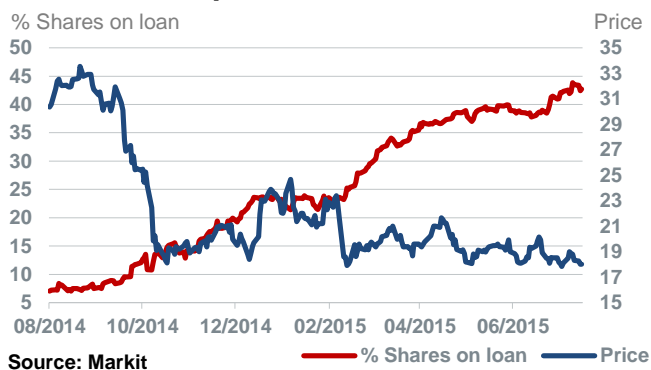
- Microphone supplier to Apple and Samsung is the most shorted in North America
- Surge in short interest in Canadian subprime lender Home Capital after slow down reported
- Casio short sellers grimacing as stock surges 40%, while relishing Sharp's 45% decline

## North America

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Knowles Corp	Electronic Components	KN WI	27/07/2015	42.7	11%
Penn Virginia Corp	Oil & Gas Exploration & Production	PVA	29/07/2015	35.9	40%
Neustar Inc	Data Processing & Outsourced Services	NSR	30/07/2015	35.3	-3%
Quebecor Inc	Cable & Satellite	QBR B	30/07/2015	27.5	1%
Home Capital Group Inc	Thriffs & Mortgage Finance	HCG	29/07/2015	27.5	45%
Iridium Communications Inc	Alternative Carriers	IRDM	30/07/2015	27.8	1%
Itt Educational Services Inc	Education Services	ESI	30/07/2015	25.7	-18%
Cliffs Natural Resources Inc	Steel	CLF	29/07/2015	27.6	30%
Carbo Ceramics Inc	Oil & Gas Equipment & Services	CRR	30/07/2015	27.3	15%
Vasco Data Security International Inc	Systems Software	VDSI	28/07/2015	25.4	10%
Hornbeck Offshore Services Inc	Oil & Gas Equipment & Services	HOS	29/07/2015	23.8	4%
Noble Corporation Plc	Oil & Gas Drilling	NE	29/07/2015	23.8	81%
U.S. Silica Holdings Inc	Oil & Gas Equipment & Services	SLCA	28/07/2015	23.5	4%
Dorman Products Inc	Auto Parts & Equipment	DORM	30/07/2015	23.5	1%
Peabody Energy Corp	Coal & Consumable Fuels	BTU	28/07/2015	23.5	-8%
Monster Worldwide Inc	Internet Software & Services	MWW	30/07/2015	22.3	9%
Outervall Inc	Specialty Stores	OUTR	30/07/2015	22.9	-4%
Adt Corp	Security & Alarm Services	ADT	29/07/2015	22.1	7%
Cloud Peak Energy Inc	Coal & Consumable Fuels	CLD	29/07/2015	22.1	6%
Iconix Brand Group Inc	Apparel, Accessories & Luxury Goods	ICON	29/07/2015	21.7	5%

Most shorted in North America ahead of earnings is Knowles Corp with 43% of shares outstanding on loan. The company makes specialty micro-acoustic components for mobile and consumer electronics. The company recently **acquired** Audience, which has struggled since losing Apple as a key client in 2012.

## Knowles Corp



Knowles supplies both Apple and Samsung but has faced increasing **competition** from other manufacturers and **legal challenges** in China.

Second most shorted is oil and gas exploration company Penn Virginia which saw a strong spike in short interest in the last month, rising 60% to 36% of shares outstanding on loan while the stock dipped lower by 50%.

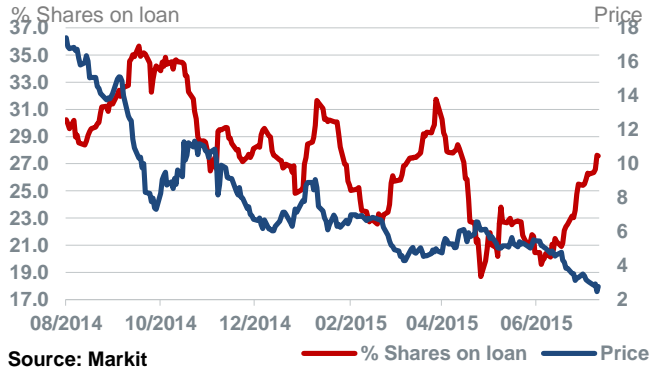
## Penn Virginia Corp



Penn began its fresh decline after contradicting **reports** of a rejection to a potential takeover by BP surfaced. These were subsequently found to be false. The recent oil price weakness has also seen shares continue to decline with short sellers flocking to the stock.

Oil's price decline has also seen short sellers return to consistently shorted Cliffs Natural Resources. Shares outstanding on loan have increased by 37% in the last month with the stock falling 41%. Since declining by 37% in October 2014 the stock has continued to fall a further 72%.

### Cliffs Natural Resources Inc



Canadian subprime mortgage lender Home Capital saw shares drop by 20% on July 13<sup>th</sup> as analysts downgraded the stock after the company reported residential mortgages have fallen more than expected in the second quarter of 2015.

### Home Capital Group Inc



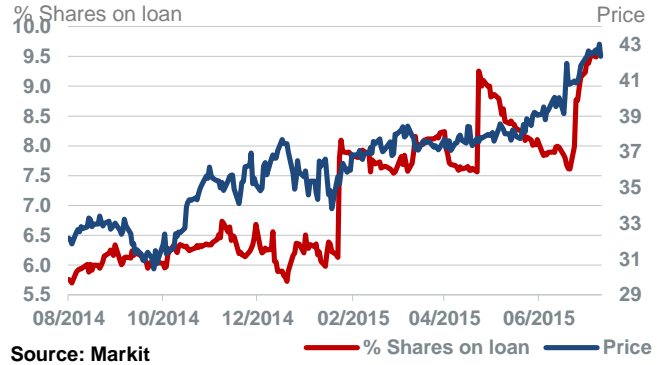
### High risk of squeezing

Among firms reporting earnings in the week ahead, a handful rank in the top decile of Markit's Short Squeeze model\*;

These include, Adeptus Health, Altisource Portfolio Solutions, Overstock Com, Proto Labs, Genisis Energy, Exelixis and CNH Global.

Most likely to squeeze ahead of earnings is United Bankshares, where 97% of short sellers are out of the money. The stock is up by 64% year to date and shares outstanding on loan currently stand at 10%.

### United Bankshares Inc



### Europe

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Aixtron Se	Semiconductor Equipment	AIXA	28/07/2015	20.6	5%
Tgs Nopec Geophysical Company Asa	Oil & Gas Equipment & Services	TGS	30/07/2015	16.5	-2%
Outotec Oyj	Construction & Engineering	OTEV	30/07/2015	15.6	11%
Obrascon Huarte Lain Sa	Construction & Engineering	OHL	30/07/2015	13.6	45%
Dialight Plc	Electrical Components & Equipment	DIA	27/07/2015	13.5	8%
Saipem Spa	Oil & Gas Equipment & Services	SPM	28/07/2015	11.5	2%
Aperam Sa	Steel	APAM	29/07/2015	9.8	15%
Indra Sistemas Sa	IT Consulting & Other Services	IDR	30/07/2015	8.8	-14%
Sulzer Ag	Industrial Machinery	SUN	28/07/2015	9.6	30%
Piaggio & C Spa	Motorcycle Manufacturers	PIA	30/07/2015	8.6	5%
Cgg Sa	Oil & Gas Equipment & Services	CGG	31/07/2015	8.8	35%
Maire Tecnimont Spa	Construction & Engineering	MT	30/07/2015	7.8	2%
Drax Group Plc	Independent Power Producers & Energy Trad	DRX	28/07/2015	8.2	11%
Yoox Spa	Internet Retail	YOOX	30/07/2015	7.6	-3%
Lancashire Holdings Ltd	Property & Casualty Insurance	LRE	29/07/2015	7.6	3%
ArcelorMittal Sa	Steel	MT	31/07/2015	7.2	3%
Weir Group Plc	Industrial Machinery	WEIR	30/07/2015	7.1	17%
Brammer Plc	Trading Companies & Distributors	BRAM	28/07/2015	6.6	4%
Technip	Oil & Gas Equipment & Services	TEC	30/07/2015	7.1	27%
Duffy Ag	Specialty Stores	DUFN	30/07/2015	6.7	4%

Most shorted ahead of earnings in Europe is German based Aixtron which supplies equipment to the semiconductor industry, where sentiment has turned bearish in recent weeks. Shares out on loan currently stand at 21%, doubling over the last 12 months while the stock price has declined by half.

### Aixtron Se



European short sellers in TGS Nopec, a geological consultant to the oil industry, had built positions up by 40% post April 2015 and

have benefited from a recent 15% share price decline since the stock's recent high on June 11<sup>th</sup>.

### Tgs Nopec Geophysical Company Asa



Energy efficient LED lighting provider Daylight has seen a sharp rise in short interest after shares slumped as the company released a trading statement on June 10<sup>th</sup>. The statement indicated that operating profit will be significantly below expectations and is "linked in part to a slowdown in the oil and gas sector".

### Dialight Plc



### Apac

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Sharp Corp	Consumer Electronics	6753	31/07/2015	17.9	-3%
Casio Computer Co Ltd	Consumer Electronics	6952	29/07/2015	15.6	-10%
Pacific Basin Shipping Ltd	Marine	2343	30/07/2015	14.8	7%
Tokuyama Corp	Specialty Chemicals	4043	31/07/2015	13.0	61%
Advantest Corp	Semiconductor Equipment	6857	28/07/2015	14.2	24%
Wacom Co Ltd	Technology Hardware, Storage & Peripherals	6727	31/07/2015	11.1	14%
Sanrio Co Ltd	Specialty Stores	8136	31/07/2015	10.3	-17%
Jvc Kenwood Corp	Consumer Electronics	6632	31/07/2015	10.1	73%
Japan Communications Inc	Wireless Telecommunication Services	9424	30/07/2015	10.1	-2%
Nippon Yakin Kogyo Co Ltd	Steel	5480	29/07/2015	9.3	-2%
Ezion Holdings Ltd	Oil & Gas Equipment & Services	5ME	31/07/2015	8.8	0%
Colopl Inc	Application Software	3668	29/07/2015	7.9	-3%
Gs Yuasa Corp	Electrical Components & Equipment	6674	30/07/2015	7.8	34%
Samsung Heavy Industries Co Ltd	Construction Machinery & Heavy Trucks	010140	27/07/2015	8.2	13%
Excel Co Ltd	Technology Distributors	7591	30/07/2015	7.3	17%
Adways Inc	Advertising	2489	31/07/2015	7.1	-3%
Mitsui Osk Lines Ltd	Marine	9104	31/07/2015	7.0	-6%
United Inc	Internet Software & Services	2497	30/07/2015	6.8	30%
Imagineer Co Ltd	Application Software	4644	31/07/2015	7.5	29%
Hotel Shilla Co Ltd	Specialty Stores	008770	27/07/2015	5.7	22%

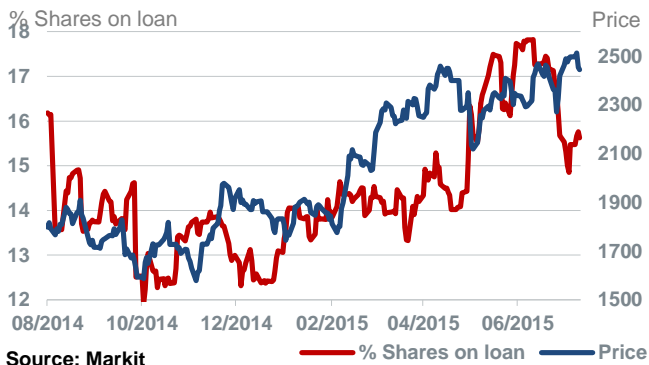
Most shorted ahead of earnings in Apac are two well-known large consumer electronics businesses in Japan. **Struggling** TV maker Sharp has **continued** to attract short sellers with shares outstanding on loan increasing by 40% in the last three months with the share price retreating over 35%.

### Sharp Corp



Financially healthier Casio stills sees short sellers attracted to the stock despite analysts expecting 30% higher earnings for the 2016 financial year. Shares outstanding on loan are flat over the past 12 months at 15.6% while the stock has risen some 41%.

### Casio Computer Co Ltd



### Pacific Basin Shipping Ltd



Dry bulk shipping and towage services provider Pacific Basin has witnessed a spike in short interest in April and levels remain high at 18% of shares outstanding on loan. Headquartered in Hong Kong, the firm is exposed to the energy sector and continued depressed prices in the shipping industry.

\*To receive more information on short interest data or our Short Squeeze model please **contact us**.

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

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