

Most shorted ahead of earnings

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

- Iridium heavily shorted as Google and Facebook move into connectivity space
- UK property firms announce earnings after seeing short interest surge post-Brexit
- Shipping firms continue to see heavy short positions in Asia

North America

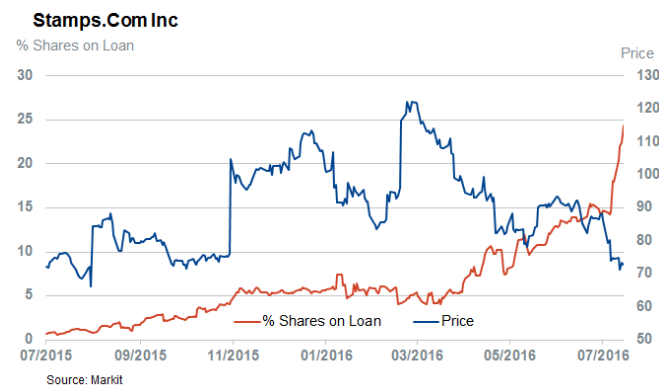
Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Iridium Communications Inc	Diversified Telecommunication Service	IRDM	7/28/2016	31.1	1%
Outerwall Inc	Specialty Retail	OUTR	7/28/2016	30.8	-1%
Quebecor Inc	Media	QBR B	7/29/2016	28.8	0%
Lumber Liquidators Holdings Inc	Specialty Retail	LL	7/27/2016	28.7	-21%
Under Armour Inc	Textiles, Apparel & Luxury Goods	UA	7/26/2016	26.7	-3%
Wisdomtree Investments Inc	Capital Markets	WETF	7/29/2016	26.1	2%
Home Capital Group Inc	Thriffs & Mortgage Finance	HCG	7/27/2016	25.8	-3%
Lendingtree Inc	Thriffs & Mortgage Finance	TREE	7/28/2016	24.7	-16%
Stamps.Com Inc	Internet Software & Services	STMP	7/28/2016	24.3	77%
Allegheny Technologies Inc	Metals & Mining	ATI	7/26/2016	24.3	26%
Proto Labs Inc	Machinery	PRLB	7/28/2016	23.3	-10%
Tempur Sealy International Inc	Household Durables	TPX	7/28/2016	22.9	24%
Helmerich And Payne Inc	Energy Equipment & Services	HP	7/28/2016	22.6	-3%
Exact Sciences Corp	Biotechnology	EXAS	7/26/2016	22.1	-1%
Marriott International Inc	Hotels, Restaurants & Leisure	MAR	7/27/2016	21.9	0%
Flotek Industries Inc	Chemicals	FTK	7/26/2016	21.6	-1%
Campira Inc	Pharmaceuticals	CEMP	7/27/2016	21.1	6%
Depomed Inc	Pharmaceuticals	DEPO	7/27/2016	21.0	-4%

Shares have rebounded from their lows in recent months, but short sellers have been eager to stay the course as demand to borrow Iridium shares has hovered around the 30% of shares outstanding mark for the last 12 months.

Of the heavily shorted companies reporting earnings next week, Stamps.com, Allegheny Tech and Tempur Sealy have seen the largest jumps on short interest in the months leading up to earnings.

The most shorted company announcing earnings next week is satellite communication company Iridium Communication, which has 31% of shares out on loan. Iridium's colourful corporate history was featured in a recent **book** detailing its improbable survival since debuting in the late '90s. The company was ahead of the times when it launched and has been able to carve a niche among marine and defence customers but tech giants such as **Google** and **Facebook** are now looking at the niche currently filled by Iridium.

The former of the three has seen short interest jump by over three quarters in the last month after **several analyst** reports raised questions around the company's revenue models. Investors on the long side have also been heeding these calls as Stamps' shares are down by over 18% in the last month.



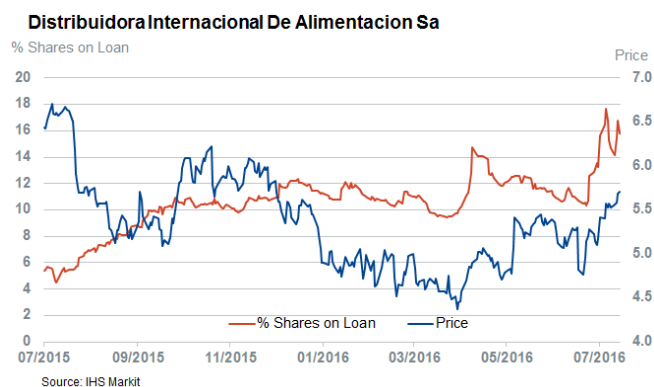
On the other side of the shorting momentum, we've seen short interest in Lumber Liquidators fall by over a fifth in the last month. The retailer was involved in a highly public

controversy regarding the level of formaldehyde in its laminates and at one point had over 40% of its shares shorted. Its share price has rebounded somewhat from the lows and the appears to be little appetite to short the rally as demand to borrow lumber liquidator shares to short has fallen below the 30% of shares outstanding mark.

Europe

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Distribuidora Internacional De Alim	Food & Staples Retailing	DIA	7/27/2016	15.8	48%
Logitech International Sa	Technology Hardware, Storage & Perip	LOGN	7/28/2016	14.1	-5%
Tullow Oil Plc	Oil, Gas & Consumable Fuels	TLW	7/27/2016	14.0	52%
Asm International Nv	Semiconductors & Semiconductor Eq	ASM	7/28/2016	13.9	255%
Subsea 7 Sa	Energy Equipment & Services	SUBC	7/28/2016	11.4	6%
Cgg Sa	Energy Equipment & Services	CGG	7/29/2016	11.3	13%
Capital & Counties Properties Plc	Real Estate Management & Developm	CAPC	7/26/2016	10.7	67%
Ams Ag	Semiconductors & Semiconductor Eq	AMS	7/25/2016	10.5	0%
Air France Klm Sa	Airlines	AF	7/27/2016	10.5	75%
Outotec Oyj	Construction & Engineering	OTE1V	7/27/2016	10.3	-17%
Intu Properties Plc	Real Estate Investment Trusts (REITs)	INTU	7/28/2016	9.6	115%
Bolsas Y Mercados Espanoles So	Diversified Financial Services	BME	7/29/2016	9.5	9%
Aperam Sa	Metals & Mining	APAM	7/27/2016	9.1	-9%
Vallourec Sa	Energy Equipment & Services	VK	7/28/2016	8.9	57%
Acerinox Sa	Metals & Mining	ACX	7/27/2016	7.7	5%
Dufry Ag	Specialty Retail	DUFN	7/29/2016	7.6	18%
Binckbank Nv	Capital Markets	BINCK	7/25/2016	7.4	17%
Lancashire Holdings Ltd	Insurance	LRE	7/27/2016	7.3	39%
Banca Monte Dei Paschi Di Siena	Banks	BMPS	7/29/2016	7.3	39%
Amadeus It Holding Sa	IT Services	AMS	7/29/2016	7.0	40%

Most shorted European company announcing earnings this week is Spanish grocer Distribuidora Internacional De Alimentacion (DIA) which has 16% of shares out on loan. DIA has seen its short interest trickle up in the last few months as short sellers look to capitalise of the Europe's weak inflation and sluggish consumer spending.



The other company seeing a rise in short interest in the wake of the European economic slump is Italian bank Banca Monte

Dei Paschi Di Siena (BMPS) which has been at the centre of the Italian bank crisis. Its short interest has climbed by 39% in the last month despite the fact that the recent volatility has seen BMPS fall by three quarters.

In the UK, Tullow Oil has seen a significant 52% increase in demand to borrow its shares in the last month which has taken its short interest to a new all-time high. It's worth noting that the most recent increase in demand to borrow Tullow shares coincided with the company's decision to issue a \$300m convertible bond which indicates that most of the recent jump in short interest may not be driven by directional short sellers, but bond investors looking to hedge their exposure to the company's equity.

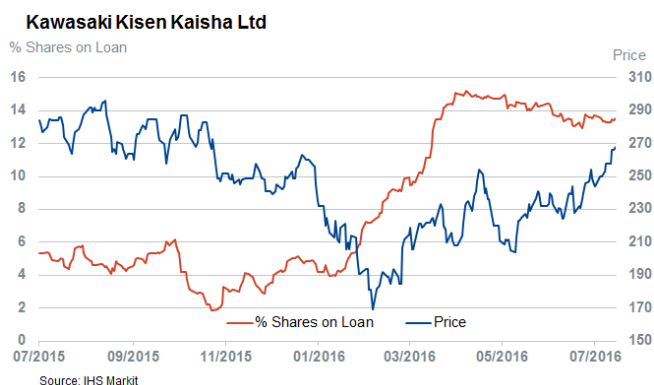
Two other UK companies announcing earnings which have seen significant increases in short interest in the month since the UK Brexit vote are real estate firms Intu Properties and Capital & Counties which have seen a 115% and 67% increase in short interest respectively. Brexit has made the sector popular among short sellers looking to bet on falling UK commercial and residential property values.

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Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Kawasaki Kisen Kaisha Ltd	Marine	9107	7/29/2016	13.5	4%
Marvelous Inc	Software	7844	7/29/2016	12.9	-5%
Samsung Heavy Industries Co Ltd	Machinery	010140	7/27/2016	12.6	2%
Gungho Online Entertainment Inc	Software	3765	7/29/2016	11.6	0%
Advantest Corp	Semiconductors & Semiconductor Eq	6857	7/27/2016	10.4	-15%
Gs Engineering & Construction Co	Construction & Engineering	006360	7/28/2016	10.1	1%
Topcon Corp	Electronic Equipment, Instruments & C	7732	7/29/2016	9.8	3%
Sanrio Co Ltd	Specialty Retail	8136	7/29/2016	9.2	-1%
Gud Holdings Ltd	Household Durables	GUD	7/28/2016	9.0	14%
Osaka Titanium Technologies Co I	Metals & Mining	5726	7/28/2016	8.7	8%
Sharp Corp	Household Durables	6753	7/29/2016	8.5	-22%
Brangista Inc	Media	6176	7/28/2016	8.0	18%
Hansol Technics Co Ltd	Semiconductors & Semiconductor Eq	004710	7/29/2016	7.5	10%
Kyudenko Corp	Construction & Engineering	1959	7/27/2016	7.5	2%
Wacom Co Ltd	Technology Hardware, Storage & Perip	6727	7/29/2016	7.4	-3%
Sakura Internet Inc	Internet Software & Services	3778	7/25/2016	7.3	1%
Illi Corp	Machinery	7013	7/29/2016	7.1	9%
Hyundai Heavy Industries Co Ltd	Machinery	009540	7/27/2016	7.1	3%

Shipping firm Kawasaki Kaisen Kaisha is the highest conviction Asian short this week with 13.5% of its shares out on loan to short sellers. Its shares have recovered from recent lows in January but short sellers have stayed

the course as over 80% of the Kawasaki Kaisen Kaisha shares that can be lent out to short seller have already been claimed.



Shipping shorts are also evidenced in the perennially shorted shipbuilding firms and this week sees Samsung Heavy Industries and Hyundai Heavy Industries make the list of the most shorted companies ahead of earnings.

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