

# Most shorted ahead of earnings

We review how short sellers are reacting to companies due to announce earnings in the coming week.

- In the US teenagers' changing tastes impact apparel retailers who find themselves fashionable among short sellers
- A trade that continues to play out is guns versus non-lethal weapons amid US civil unrest
- In the UK, pubs deal with brewery tie up changes, M&A activity and consolidation
- Australian food distributor Metcash struggles as the resource boom fades in the country

## North America

Clothing retailers, merchandise and department stores dominate the most shorted companies ahead of earnings this week in the US.

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Abercrombie & Fitch Co	Apparel Retail	ANF	03/12/2014	20.5	6%
Five Below Inc	Specialty Stores	FIVE	04/12/2014	19.7	9%
Ambarella Inc	Semiconductors	AMBA	04/12/2014	19.5	-11%
Aeropostale Inc	Apparel Retail	ARO	03/12/2014	18.2	3%
Smith & Wesson Holding Corp	Leisure Products	SWHC	04/12/2014	15.8	6%
Sandridge Energy Inc	Oil & Gas Exploration & Production	SD	04/12/2014	14.3	-4%
American Eagle Outfitters Inc	Apparel Retail	AEO	04/12/2014	11.9	-3%
Gildan Activewear Inc	Apparel, Accessories & Luxury Goods	GIL	04/12/2014	11.1	-28%
Major Drilling Group International Inc	Diversified Metals & Mining	MDI	04/12/2014	10.6	-3%
United Natural Foods Inc	Food Distributors	UNFI	04/12/2014	10.4	17%
Reitmans Canada Ltd	Apparel Retail	RET.A	03/12/2014	10.2	-6%
Finsisar Corp	Communications Equipment	FNSR	04/12/2014	10.1	-8%
Big Lots Inc	General Merchandise Stores	BIG	05/12/2014	8.8	43%
Bob Evans Farms Inc	Restaurants	BOBE	02/12/2014	8.7	49%
Rally Software Development Corp	Systems Software	RALY	04/12/2014	8.5	-1%
Mattress Firm Holding Corp	Homefurnishing Retail	MFRM	01/12/2014	7.9	5%
Vince Holding Corp	Apparel, Accessories & Luxury Goods	VNCE	02/12/2014	7.3	23%
Hanger Inc	Health Care Facilities	HGR	01/12/2014	7.0	-10%
Guidewire Software Inc	Application Software	GWRE	02/12/2014	6.8	-15%
Sears Holdings Corp	Department Stores	SHLD	04/12/2014	6.7	-28%

Most shorted is apparel retailer Abercrombie & Fitch. The stock is down 10% year to date and almost 35% down on highs. The company recently announced expansion and looks to open stores in Mexico during 2015. The brand and the companies use of logos however has fallen out of [favour with teenagers](#) as H&M and Zara gain market share. This seems to have driven the negative sentiment as short sellers side with the teenagers.

Abercrombie & Fitch Co



Five Below is an “extreme-value” retailer of trending products geared towards the pre-teen market. Five Below’s products are priced below \$5 and the chain has aggressive rollout plans but analysts have cautioned against the high growth stock trading on [rich multiples](#), similar to that of Amazon.

The third most heavily shorted apparel retailer is Aeropostale with 18% of shares outstanding on loan. The firm operates retail chains geared towards children and teens, but products have not resonated well with the target market. The company is also coming off two consecutive quarters of decreased sales and reporting losses.

Smith and Wesson short interest continues to be high ahead of earnings whilst Taser has defied shorts sellers since [September](#) and is up 108% on lows reached during the year.

Smith & Wesson and Taser have 15.8% and 23.5% of shares outstanding on loan respectively amid increasing tensions between protestors and police which is currently blighting the US.

**Taser International Inc**



that regulations [breaking the beer tie](#) between pubs and breweries in November 2014 will be implemented.

Aberdeen asset management sees continued short interest this week ahead of earnings with 5.6% shares outstanding on loan.

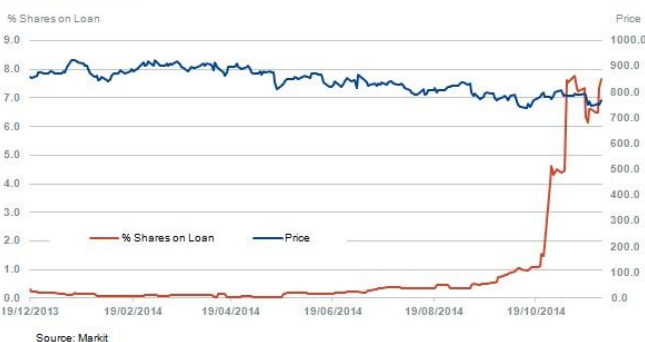
Sage group has seen a 30% increase in short interest over the last month up to 4.5% as the share price increased by 8%. The accounting software firm missed midyear analyst expectations of revenue as the company announced that Guy Berruyer would retire as ceo by March 2015. Earlier this month Stephen Kelly joined as the new ceo.

**Europe**

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Greene King Plc	Restaurants	GNK	04/12/2014	7.7	70%
Aberdeen Asset Management Plc	Asset Management & Custody Banks	ADN	01/12/2014	5.6	2%
The Sage Group Plc	Application Software	SGE	03/12/2014	4.5	27%
Rockhopper Exploration Plc	Oil & Gas Exploration & Production	RKH	02/12/2014	1.2	-11%
Intelligent Energy Holdings Plc	Electrical Components & Equipment	IEH	01/12/2014	1.3	32%
Innovation Group Plc	Data Processing & Outsourced Services	TIG	03/12/2014	1.1	4%
De Smith Plc	Paper Packaging	SMDS	04/12/2014	1.0	150%
Pierre Et Vacances Sa	Hotels, Resorts & Cruise Lines	VAC	04/12/2014	0.9	-5%
Ite Group Plc	Advertising	ITE	02/12/2014	0.8	-35%
Northgate Plc	Trucking	NTG	02/12/2014	0.5	-5%
Mulberry Group Plc	Apparel, Accessories & Luxury Goods	MUL	04/12/2014	0.3	-3%
Tui Travel Plc	Hotels, Resorts & Cruise Lines	TT	04/12/2014	0.4	-22%
Pets At Home Group Plc	Specialty Stores	PETS	04/12/2014	0.5	-67%
As Roma Spa	Movies & Entertainment	ASR	01/12/2014	0.3	5%
Denichebourg Sa	Environmental & Facilities Services	DBG	05/12/2014	0.2	-44%
Betfair Group Plc	Casinos & Gaming	BET	04/12/2014	0.2	15%
Anite Plc	IT Consulting & Other Services	AIE	02/12/2014	0.2	-48%
Consort Medical Plc	Health Care Equipment	CSRT	04/12/2014	0.2	-95%
Gw Pharmaceuticals Plc	Pharmaceuticals	GWPP	02/12/2014	0.1	149%
Urban&Chic Plc	Real Estate Development	UANC	02/12/2014	0.0	-17%

Greene King is the most shorted in Europe this week ahead of earnings with 7.7% of shares outstanding on loan. The pub group [acquired](#) Spirit Pub with shares and cash.

**Greene King Plc**



**Asia Pacific**

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Metcash Ltd	Food Distributors	MTS	01/12/2014	20.5	8%
Kolao Holdings	Automotive Retail	900140	29/11/2014	6.1	-1%
Seoul Semiconductor Co Ltd	Semiconductors	046890	01/12/2014	6.0	12%
Ito En Ltd	Soft Drinks	2593	01/12/2014	5.0	-8%
Cookpad Inc	Advertising	2193	05/12/2014	5.0	3%
Perseus Mining Ltd	Gold	PRU	04/12/2014	4.4	-3%
Tfs Corporation Ltd	Forest Products	TFC	01/12/2014	3.9	58%
Sung Kwang Bend Co Ltd	Building Products	014620	04/12/2014	3.1	14%
Wumart Stores Inc	Hypermarkets & Super Centers	1025	01/12/2014	3.0	-7%
Pharmicell Co Ltd	Biotechnology	005690	03/12/2014	2.9	6%
Poletowin Pitcrew Holdings Inc	IT Consulting & Other Services	3657	05/12/2014	2.6	-8%
Prada Spa	Apparel, Accessories & Luxury Goods	1913	05/12/2014	2.5	0%
Yangzijiang Shipbuilding Holdings Ltd	Construction Machinery & Heavy Trucks	BS6	04/12/2014	2.5	-11%
Sekisui House Ltd	Homebuilding	1928	05/12/2014	2.2	-5%
Simm Tech Co Ltd	Semiconductors	036710	03/12/2014	2.0	-11%
Jeusung Engineering Co Ltd	Semiconductor Equipment	036930	04/12/2014	1.8	9%
Hansol Paper Co Ltd	Paper Products	004150	01/12/2014	1.7	-17%
Yungtay Engineering Co Ltd	Industrial Machinery	1507	04/12/2014	1.6	-37%
Bit Isle Inc	IT Consulting & Other Services	3811	04/12/2014	1.2	-49%
Handsome Corp	Apparel, Accessories & Luxury Goods	020000	02/12/2014	1.2	18%

Australian food distributor Metcash is by far the most shorted stock in the region with 20.5% of shares outstanding on loan compared to next most shorted Koloa Holdings with 6.1% short interest.

**Metcash Ltd**



This short interest seems to be motivated by merger arbitrage, but we have also seen sector UK pub shares slide on recent news

Metcash, a food retailer who according to LHC Capital ([who is short the stock](#)), is facing increasing competition and a subdued environment post the resource investment boom the country has enjoyed for some time.

Korean manufacturer of a host of electronic products currently has short interest of 6% in the stock which is down some 62% from highs reached in the first quarter of the year. This contrasts with the previous year when the shares surged 77% as investment interest [peaked](#) in the region.

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