

# Most shorted ahead of earnings

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

- Canadian banks are key focus of short sellers this week as they face increased loss provisions
- Four of the five European firms with more than 3% of shares shorted have seen covering in the last month
- China Singyes Solar is the most shorted company announcing earnings in Asia this week

## North America

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Canadian Western Bank	Banks	CWB	9/1/2016	24.9	2%
Zumiez Inc	Retailing	ZUMZ	9/1/2016	18.3	-4%
Lands End Inc	Retailing	LE	9/1/2016	17.5	8%
Ambarella Inc	Semiconductors & Semiconductor Eq	AMBA	9/1/2016	16.0	-7%
Ship Finance International Ltd	Energy	SFL	8/31/2016	13.0	-3%
Golar Lng Ltd	Energy	GLNG	8/31/2016	12.0	22%
Five Below Inc	Retailing	FIVE	8/31/2016	11.8	-16%
Ollie'S Bargain Outlet Holdings Inc	Retailing	OLLI	8/31/2016	10.6	27%
Lululemon Athletica Inc	Consumer Durables & Apparel	LULU	9/1/2016	9.6	5%
National Bank Of Canada	Banks	NA	8/31/2016	9.1	1%
Navistar International Corp	Capital Goods	NAV	9/1/2016	8.9	-6%
G-iii Apparel Group Ltd	Consumer Durables & Apparel	Gill	8/30/2016	8.7	-10%
Ctrip Com Intrntl 8 ADR Rep 1 Ord	Retailing	CTRP	8/31/2016	8.5	8%
Usa Technologies Inc	Technology Hardware & Equipment	USAT	9/1/2016	8.4	-3%
Laurentian Bank Of Canada	Banks	LB	8/31/2016	8.0	6%
Hain Celestial Group Inc	Food Beverage & Tobacco	HAIN	9/1/2016	7.8	16%
Fred'S Inc	Retailing	FRED	8/30/2016	7.7	21%
Palo Alto Networks Inc	Technology Hardware & Equipment	PANW	8/30/2016	7.3	9%

The big trade for North American short sellers this week is in Canadian banks with three of the country's banks making the list of heavily shorted companies ahead of earnings, as investors look to play a **softening** in Canadian real estate.

Experiencing the largest bearish sentiment out of the three is Canadian Western Bank which has just under a quarter of its shares now out on loan to short sellers. Short sellers have been circling around the firm due to its exposure to energy loans which have soured in the wake of the collapse in oil prices, prompting Canadian Western to increase its provision for bad loans by five fold in its latest quarterly earnings. This move looks to have placated some short sellers as Canadian Western's current short interest is a third lower than the highs set earlier in the year, but there still remain plenty of doubters to convince.

Canadian Western Bank

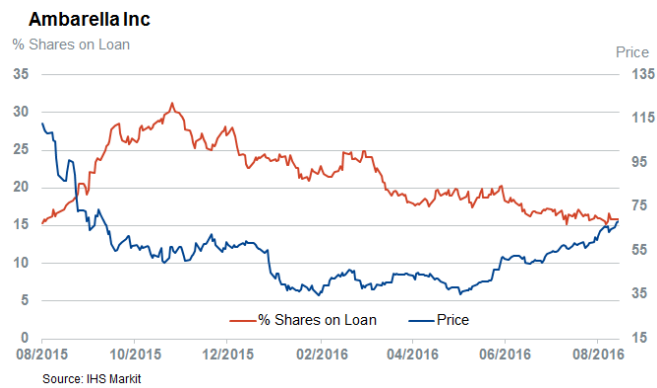


The other two high conviction trades in the sector are National Bank of Canada which has 9% of its shares shorted and Laurentian Bank which has 8%.

Canadian apparel maker Lululemon Athletica also makes the heavily shorted list as 9.6% of its shares are on loan to short sellers. The firm is a long time short target, but demand to sell its shares short has nearly halved in the last year as its shares doubled after a string of better than expected results.

Further south, US retailers continue to feature heavily among the most shorted companies with six companies featuring among this week's heavily shorted companies. The high conviction plays this week are Zumies and Lands End which have 18% and 17% of shares shorted respectively.

Video chip maker Ambarella, which has 16% of its shares shorted, rounds out the top most shorted firms. Ambarella's short interest stems from its close links to its largest customer GoPro, but the company has been able to diversify away its customer base in recent months which has led to a breakdown in the correlation between the two companies' shares. Short sellers have covered half their Ambarella short positions in the wake of this dislocation while GoPro continues to see short interest hover near its all-time high.

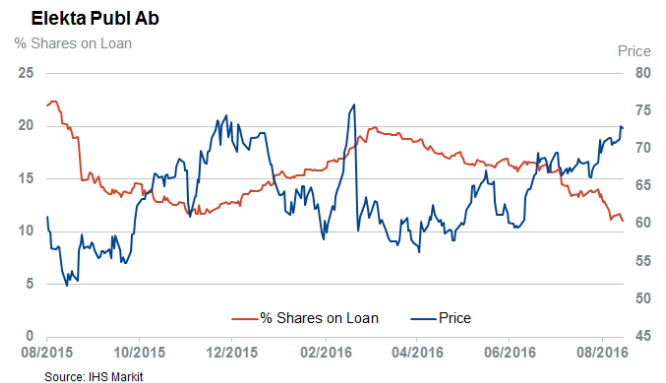


Europe

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Elekta Publ Ab	Health Care Equipment & Services	EKTA B	9/1/2016	11.5	-14%
Etablissements Maurel Et Prom S	Energy	MAU	8/31/2016	6.1	-20%
Petrofac Ltd	Energy	PFC	8/30/2016	4.1	-7%
Permod Ricard Sa	Food Beverage & Tobacco	RI	9/1/2016	4.1	-21%
Aroundtown Property Holdings Plc	Real Estate	ALATP	8/29/2016	3.6	2%

Europe sees relatively few companies announcing earning this week and only five firms out of that lot see any meaningful short interest. Short sellers' appetite in this week's most shorted is relatively lacklustre, and it's worth noting that short interest has fallen in four of the five shorted companies in the last month.

Short favourite Elekta is the most shorted of the lot, but covering of the firm has seen in the last month means that its short interest now stands at a three year low.

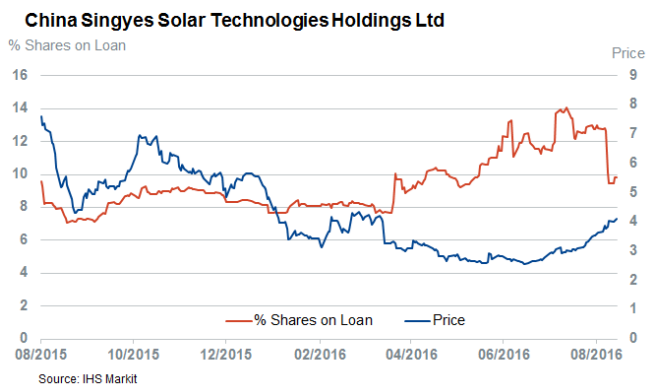


Petrofac has seen the most severe short covering with short interest falling 21% in the month leading up to earnings.

Apac

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
China Singyes Solar Technologies	Capital Goods	750	8/30/2016	9.7	-23%
Estia Health Ltd	Health Care Equipment & Services	EHE	8/29/2016	8.2	10%
Gome Electrical Appliances Holdir	Retailing	493	8/29/2016	7.9	8%
Independence Group NI	Materials	IGO	8/31/2016	7.0	-41%
Tfs Corporation Ltd	Materials	TFC	8/31/2016	7.0	-2%
Tingyi Cayman Islands Holding Co	Food Beverage & Tobacco	322	8/29/2016	5.8	15%
Digital China Holdings Ltd	Technology Hardware & Equipment	861	8/30/2016	5.6	-2%
China Railway Construction Corp L	Capital Goods	1106	8/30/2016	5.3	-5%
China Oilfield Services Ltd	Energy	2883	8/29/2016	5.3	-7%
China Shipping Container Lines Cc	Transportation	2866	8/30/2016	5.2	-3%
Poly Property Group Co Ltd	Real Estate	119	8/30/2016	5.0	-2%
Weichai Power Co Ltd	Capital Goods	2338	8/30/2016	5.0	-18%
Ecopro Co Ltd	Materials	086520	8/30/2016	4.9	0%
Stater & Gordon Ltd	Consumer Services	SGH	8/30/2016	4.8	-7%
Access Co Ltd	Software & Services	4813	8/31/2016	4.8	6%
Mediaseek Inc	Software & Services	4824	9/2/2016	4.7	-4%
Anta Sports Products Ltd	Consumer Durables & Apparel	2020	8/29/2016	4.3	15%

The 17 Asian high conviction trades this week are led by Chinese solar company China Singyes which has just under 10% of its shares shorted. The firm has proved to be highly profitable for short sellers in recent months, but the company's shares have rebounded in recent weeks prompting shorts to cover a quarter of their positions in the last month.



To receive more information on **Securities Finance, Research Signals, Exchange Traded Products, Dividend Forecasting** or our Short Squeeze model please **contact us**

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

### **Simon Colvin**

Analyst

Markit

Tel: +44 207 264 7614

Email: [simon.colvin@markit.com](mailto:simon.colvin@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.