

Most shorted ahead of earnings

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

- The largest producer of eggs in the US is the most short sold ahead of earnings
- Short sellers target Stevia sweetener maker Evolva
- Chinese firms dominate most shorted with coal, batteries and shipping featured

North America

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Cal-Maine Foods Inc	Packaged Foods & Meats	CALM	03/28/2016	32.3	-1%
Lindsay Corp	Agricultural & Farm Machinery	LNN	03/31/2016	24.8	-5%
Conn's Inc	Computer & Electronics Retail	CONN	03/29/2016	17.1	-27%
Lennar Corp	Homebuilding	LEN	03/29/2016	13.0	17%
Lululemon Athletica Inc	Apparel, Accessories & Luxury Goods	LULU	03/30/2016	11.8	-6%
Osisir Therapeutics Inc	Biotechnology	OSIR	04/01/2016	9.0	-16%
Blackberry Ltd	Technology Hardware, Storage & Peripherals	BB	04/01/2016	8.9	2%
Tangoe Inc	Application Software	TNGO	03/28/2016	8.7	11%
Sonic Corp	Restaurants	SONC	03/29/2016	8.0	-25%
Landec Corp	Packaged Foods & Meats	LNDL	03/29/2016	6.9	10%
Mccormick & Company Inc	Packaged Foods & Meats	MKC	03/29/2016	6.7	-11%
Destination Maternity Corp	Apparel Retail	DEST	03/28/2016	6.5	-2%
Terraform Power Inc	Renewable Electricity	TERP	03/30/2016	6.5	7%
Seachange International Inc	Application Software	SEAC	03/31/2016	5.5	7%
Synnex Corp	Technology Distributors	SNX	03/28/2016	5.4	-19%
Vince Holding Corp	Apparel, Accessories & Luxury Goods	VNCE	03/29/2016	5.2	41%
Dave & Buster'S Entertainment Inc	Restaurants	PLAY	03/29/2016	4.9	40%
Argos Therapeutics Inc	Biotechnology	ARGS	03/29/2016	4.7	8%
Prometic Life Sciences Inc	Biotechnology	PLI	03/30/2016	4.5	25%
Paychex Inc	Data Processing & Outsourced Services	PAYX	03/30/2016	4.4	-10%

Cal-Maine Foods, the largest producer of eggs in North America is the most shorted ahead of earnings this week. The company produces over a fifth of domestic eggs supplied in the US and has a third its shares currently outstanding on loan. Short interest has increased two fold in the past twelve months while shares, after seeing some weakness recently, are up by 30%.

Demand to borrow Cal-Maine has been rising since late 2015 and the cost to borrow has soared towards 20% with the majority of available lending inventory currently utilised.

Cal-Maine Foods Inc



With almost a quarter of shares outstanding on loan and frequently appearing among the most shorted is runner up in North America, Lindsay Corp. The agricultural irrigation equipment supplier has seen short sellers retreat slightly in recent weeks as shares have risen 5% so far this year.

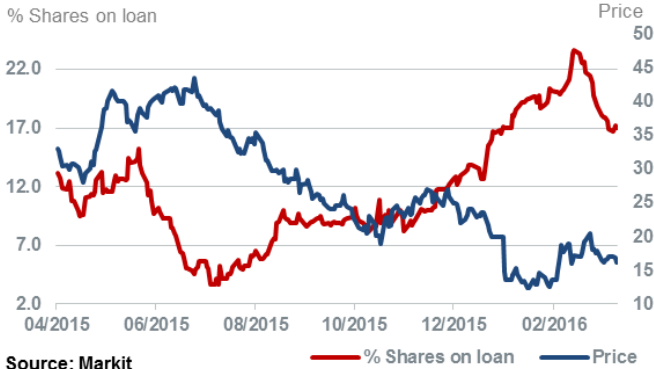
Lindsay Corp



Attracting short sellers and seeing a fourfold increase in short interest over the past 12 months is credit furniture retailer Conn's. Shorts have covered in the weeks leading up

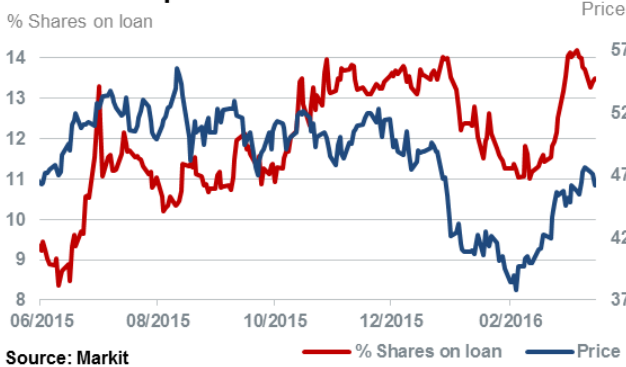
to earnings however, with 17% of shares outstanding on loan currently.

Conns Inc



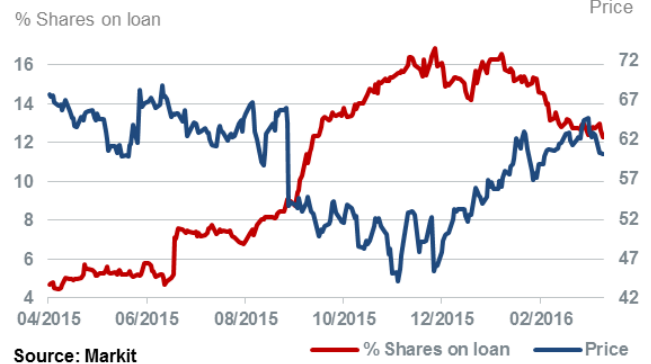
US homebuilder Lennar **continues** to attract high levels of short interest but has seen short sellers cover positions as shares surged by 20% with 13% of shares outstanding on loan currently.

Lennar Corp



Two fairly high profile brands making the top most shorted ahead of earnings are high end apparel retailer Lululemon Athletica and once prominent handset maker Blackberry. Short sellers have been covering positions in both stocks as of late, with Lululemon shares rising and impressive 15% in 2016.

Lululemon Athletica Inc



Shorts have covered a fifth of positions in Blackberry year to date with short interest of 9% currently and the stock sliding down 21% further.

Blackberry Ltd



Europe

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Evolve Holding Sa	Specialty Chemicals	EVE	03/30/2016	11.0	-2%
Qsc Ag	Alternative Carriers	QSC	03/30/2016	9.3	4%
Rib Software Ag	Application Software	RIB	03/31/2016	7.3	-20%
Eirringlinger Ag	Auto Parts & Equipment	ZIL2	03/30/2016	5.6	-7%
Alstria Office Reit Ag	Office REITs	AOX	03/30/2016	5.2	19%
Grammer Ag	Auto Parts & Equipment	GMM	03/30/2016	5.0	-23%
Sma Solar Technology Ag	Semiconductor Equipment	SS2	03/30/2016	5.0	-16%
Orpea Sa	Health Care Facilities	ORP	03/30/2016	4.7	4%
Hipay Group Sa	Data Processing & Outsourced Services	HIPAY	03/29/2016	4.1	0%
Manz Ag	Semiconductor Equipment	MSZ	03/30/2016	4.1	8%

Evolve is the most shorted stock in Europe ahead of earnings with 11% of shares outstanding on loan. The Swiss nutritional and health products producer is gearing up to produce the sweetener stevia in a joint venture with Cargill. The company however has seen its stock fall by almost a third over the past 12 months.

Evolva Holding Sa



Source: Markit

During March German telecommunications and ICT company Qsc saw an 8% spike in short interest rising to 9.3%. Shares of the firm have fallen 40% in the last 12 months.

Qsc Ag



Source: Markit

Third most shorted in Europe is German based Rib Software with 7.3% of shares outstanding on loan.

Rib Software Ag



Source: Markit

Rib Software develops applications specifically destined for the construction industry. Shares have fallen by a third over

the last 12 months with short sellers taking profits and covering almost half of positions since December 2015.

Apac

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Yanzhou Coal Mining Co Ltd	Coal & Consumable Fuels	1171	03/29/2016	11.1	-10%
Byd Co Ltd	Automobile Manufacturers	1211	03/28/2016	9.9	-3%
China Cosco Holdings Co Ltd	Marine	1919	03/30/2016	8.8	5%
Acer Incorporated	Technology Hardware, Storage & Peripherals	2353	03/30/2016	8.3	1%
China Oilfield Services Ltd	Oil & Gas Drilling	2883	03/29/2016	8.2	-14%
China Singyes Solar Technologies Holdings	Construction & Engineering	750	03/30/2016	7.7	-7%
China Yunun Food Group Ltd	Packaged Foods & Meats	1068	03/30/2016	7.4	-17%
Beijing Enterprises Water Group Ltd	Water Utilities	371	03/30/2016	6.8	-9%
Rexlot Holdings Ltd		0	03/31/2016	6.6	3%
China Railway Construction Corp Ltd	Construction & Engineering	1186	03/29/2016	6.5	8%
China Shipping Container Lines Co Ltd	Marine	2866	03/30/2016	6.2	-5%
Taiwan Hon Chuan Enterprise Co Ltd	Metal & Glass Containers	9939	03/31/2016	5.9	0%
Evergrande Real Estate Group Ltd	Real Estate Development	3333	03/29/2016	5.9	-20%
Jastec Co Ltd	Systems Software	9717	03/31/2016	5.8	120%
Weichai Power Co Ltd	Construction Machinery & Heavy Trucks	2338	03/30/2016	5.5	49%
Water Works Corp	Semiconductor Equipment	6182	03/30/2016	5.0	6%
Biostime International Holdings Ltd	Packaged Foods & Meats	1112	03/29/2016	4.9	21%
Ritek Corp	Technology Hardware, Storage & Peripherals	2349	03/31/2016	4.9	1%
Wt Microelectronics Co Ltd	Technology Distributors	3036	03/30/2016	4.8	-9%
China Precious Metal Resources Holdings CGold		1194	03/30/2016	4.5	-13%

Most shorted ahead of earnings in Apac is Yanzhou Coal Mining with 11% of its shares sold short. Markit **Dividend Forecasting** expects a dividend suspension at the firm as a result of the slowdown in macroeconomic growth and overcapacity in the coal industry, which has drastically impacted prices.

Yanzhou Coal Mining Co Ltd



Source: Markit

Second most shorted is BYD, a Chinese manufacturer of IT components including rechargeable batteries, solar components and LEDs. The company has seen short interest rise to 10%; increasing over 50% in the last 12 months.

Byd Co Ltd



Source: Markit

China Cosco Holdings Co Ltd



Source: Markit

Third most shorted in Apac is China Cosco Shipping Corporation with 8.8% of shares outstanding on loan. Created out of a state **influenced** merger of China Ocean Shipping and China Shipping Group, the combined group controls one of the largest fleets of dry bulk vessels, container ships and oil tankers in the world. Unfortunately for the firm, the worst environment the shipping industry has seen in decades has seen their stocks pay a heavy price.

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