

Most shorted ahead of earnings

Friday, January 27th 2017

We reveal how short sellers are positioning themselves in companies announcing earnings in the coming week

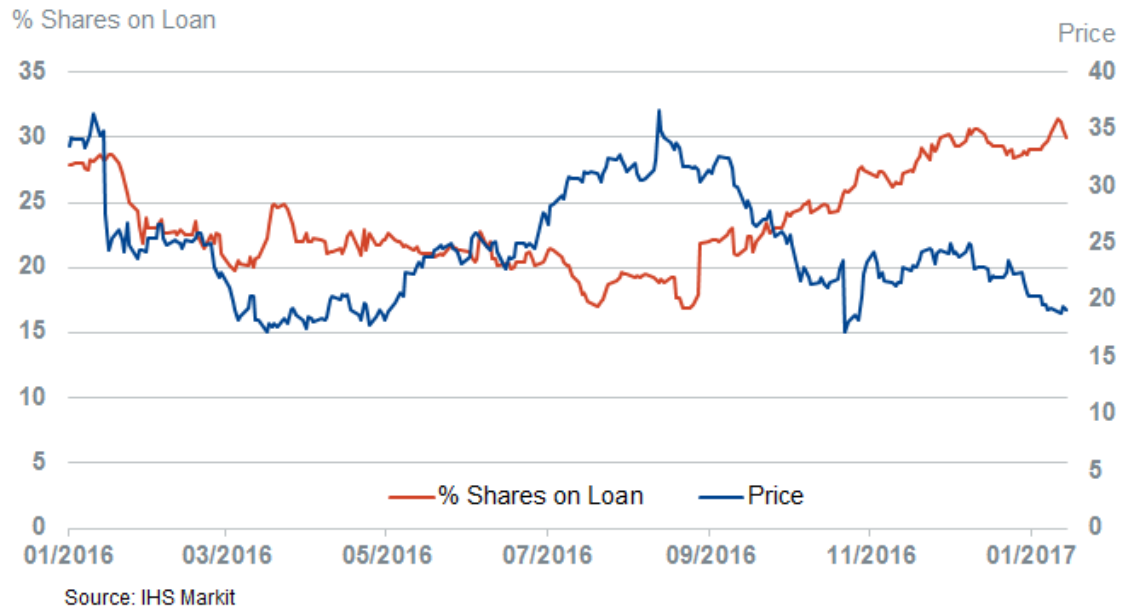
- Chipotle short sellers lose appetite to heading into earnings
- Ocado heavily shorted before its earnings announcement on Tuesday as 19% of its shares are on loan
- Japanese firms make up entirety of 20 most shorted Asian stocks heading in earnings

North America

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Lannett Company Inc	Pharmaceuticals	LCI	2/1/2017	30.0	2%
Bofi Holding Inc	Thriffs & Mortgage Finance	BOFI	1/30/2017	26.4	-5%
Under Armour Inc	Textiles, Apparel & Luxury Goods	UAA	1/31/2017	25.8	0%
Wisdomtree Investments Inc	Capital Markets	WETF	2/3/2017	24.0	5%
Arctic Cat Inc	Leisure Products	ACAT	2/2/2017	23.6	16%
Celadon Group Inc	Road & Rail	CGI	2/1/2017	22.4	6%
Wabash National Corp	Machinery	WNC	1/31/2017	21.2	19%
Meg Energy Corp	Oil, Gas & Consumable Fuels	MEG	2/3/2017	21.1	38%
Harmonic Inc	Communications Equipment	HLIT	1/31/2017	20.2	3%
Gopro Inc	Household Durables	GPRO	2/2/2017	19.7	-2%
Atwood Oceanics Inc	Energy Equipment & Services	ATW	2/3/2017	19.0	-46%
Innoviva Inc	Pharmaceuticals	INVA	2/1/2017	17.5	1%
Kirby Corp	Marine	KEX	2/1/2017	16.7	-1%
Athenahealth Inc	Health Care Technology	ATHN	2/2/2017	16.5	28%
Genworth Mi Canada Inc	Thriffs & Mortgage Finance	MIC	2/3/2017	16.0	5%
Chipotle Mexican Grill Inc	Hotels, Restaurants & Leisure	CMG	2/2/2017	15.9	-17%
Macom Technology Solutions Hol	Semiconductors & Semiconductor Equ	MTSI	1/31/2017	13.9	2%
Dht Holdings Inc	Oil, Gas & Consumable Fuels	DHT	1/30/2017	13.7	-6%

Pharmaceutical firm Lannett sees the most bearish investor sentiment heading into earnings, as just under a third of its shares are on loan to short sellers. Lannett is no stranger to short sellers as more than 10% of its shares have been out on loan for the last two years but the current demand to borrow represents a record high for the company.

Lannett Company Inc



The catalyst for the most recent wave of shorting activity seems to have been the threat by the FDA to withdraw one of its generic drugs from circulation after the agency found that the drug failed to match the original drug. This move prompted short sellers to double their Lannett borrow to the current all-time high.

Fellow pharmaceutical Innoviva also sees high levels of shorting activity heading into earnings as 18% of its shares are on loan.

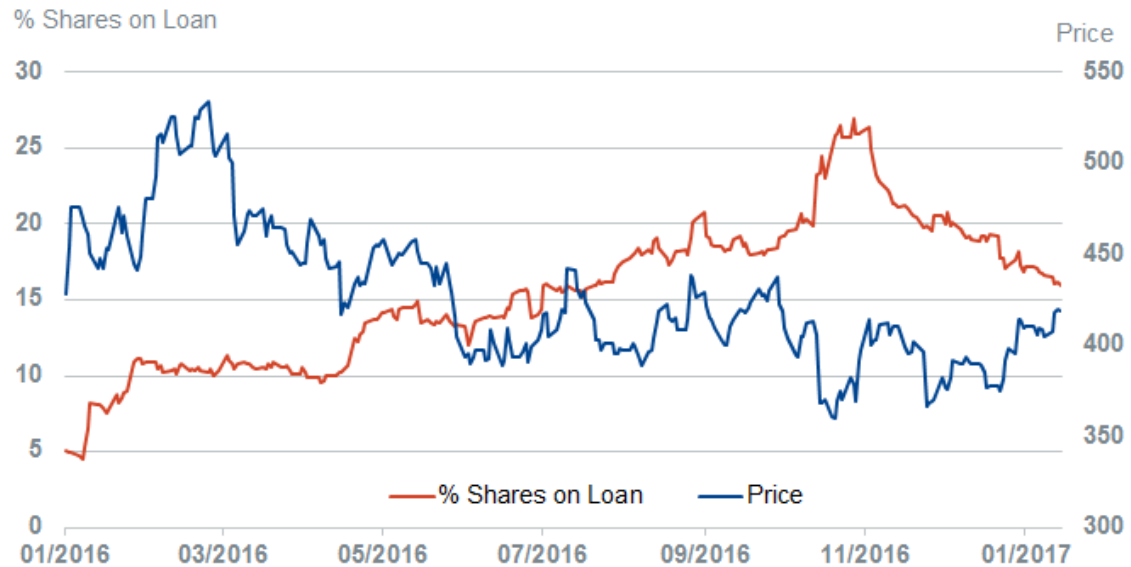
This week also sees plenty of household names make the list of heavily shorted names coming into earnings.

The most shorted of the list, sports apparel firm Under Armour, is not likely to be the target of discretionary short sellers however as the company's newly issued non-voting class C shares have started to trade at a discount. This large discount has proved tempting for arbitrageurs which have borrowed a quarter of the firm's class A shares.

The same can't be said for camera and drone maker GoPro however as which sees all-time high 20% of its shares out on loan heading into earnings. The most recent spike in shorting activity has come after the firm posted disappointing third quarter earnings and lowered expectations for its soon to be released fourth quarter results. Short sellers have taken this as a cue to stick to their already high positions despite the fact that GoPro shares were already down by over 75% from their post IPO highs.

The final household name to make the list of heavily shorted names ahead of earnings is casual eatery Chipotle which has just under 16% of its shares on loan to short sellers. While still elevated, the current demand to borrow Chipotle shares is down significantly from the highs seen last year as the firm was gripped by a slew of high profile food poisoning incidents which made the firm a high conviction short.

Chipotle Mexican Grill Inc



Source: IHS Markit

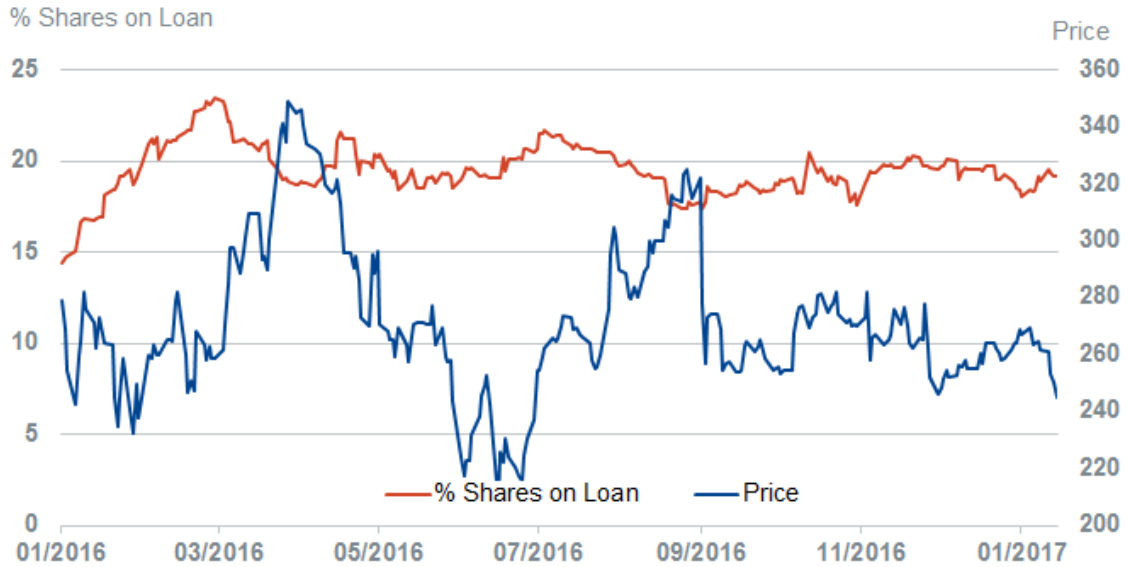
Chipotle's recent covering pales in comparison to that seen in offshore drilling rig operator Atwood Oceanics however. The recent stability in oil prices has seen investors warm to Atwood's once down and out stock and demand to borrow has nearly halved in the last month as short sellers returned loans made a massive 17% of all shares outstanding.

Europe

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Ocado Group Plc	Internet & Direct Marketing Retail	OCCO	1/31/2017	19.1	-3%
Swatch Group Sa	Textiles, Apparel & Luxury Goods	UHR	2/1/2017	15.8	-18%
Fingerprint Cards Ab	Electronic Equipment, Instruments & C	FING B	2/2/2017	12.5	-1%
Wereldhave Nv	Equity Real Estate Investment Trusts (WHA		2/3/2017	12.4	27%
Banco Popular Espanol Sa	Banks	POP	2/3/2017	10.9	0%
Metso Oyj	Machinery	METSO	2/3/2017	7.2	-7%
Alfa Laval Ab	Machinery	ALFA	1/31/2017	6.7	-15%
Metsa Board Oyj	Paper & Forest Products	METSB	2/2/2017	5.7	-22%
Tgs Nopec Geophysical Company	Energy Equipment & Services	TGS	2/2/2017	5.3	-1%
Ambu A/S	Health Care Equipment & Supplies	AMBU B	2/1/2017	5.1	-2%
At & S Austria Technologie & Sys	Electronic Equipment, Instruments & C	CATS	1/31/2017	4.7	9%
Coloplast A/S	Health Care Equipment & Supplies	COLO B	2/1/2017	4.6	11%

UK online grocer Ocado is the most shorted European company announcing earnings this week as 19% of its shares are on loan to short sellers. While short sellers have by and large been covering their positions in UK grocers after the sector posted some pretty encouraging trading numbers over the crucial Christmas trading period, Ocado's short interest has remained stubbornly high as investors wonder whether the company can carve a niche in the already crowded UK grocery market. These doubts means that the current demand to borrow Ocado shares now stands within 10% of the all-time highs posted in the opening quarter of last year.

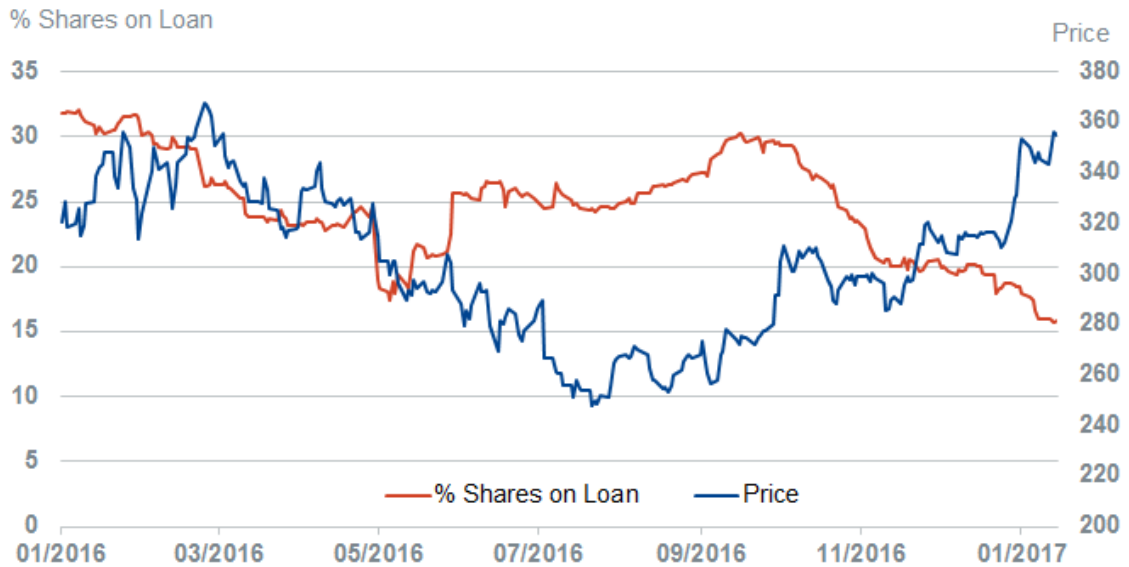
Ocado Group Plc



Source: IHS Markit

Luxury watch firm Swatch Group has benefited from a brighter outlook in the luxury sector after its peer Richemont posted some better than expected earnings. The improving market sentiment has seen short sellers close out nearly half of their Swatch short positions in the last month as its shares rallied by over 40% from the lows set last year.

Swatch Group Sa



Source: IHS Markit

Asia

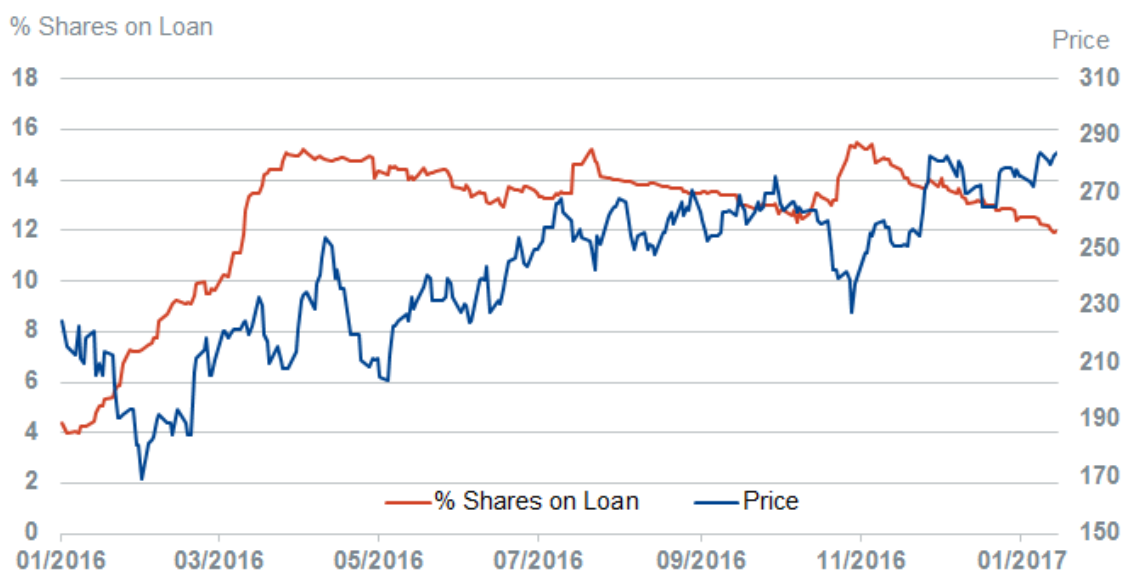
Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Marvelous Inc	Software	7844	1/31/2017	12.4	-9%
Istyle Inc	Internet Software & Services	3660	2/3/2017	12.1	-1%
Kawasaki Kisen Kaisha Ltd	Marine	9107	1/31/2017	12.0	-8%
Tokai Holdings Corp	Industrial Conglomerates	3167	1/31/2017	11.1	10%
Casio Computer Co Ltd	Household Durables	6952	2/1/2017	10.3	-4%
Yamada Denki Co Ltd	Specialty Retail	9831	2/3/2017	9.8	-4%
Calbee Inc	Food Products	2229	2/1/2017	9.6	9%
Asti Corp	Auto Components	6899	1/31/2017	8.5	-4%
Ascot Corp	Real Estate Management & Development	3264	1/31/2017	8.4	-4%
Anges Mg Inc	Biotechnology	4563	2/3/2017	8.3	36%
Gokurakuyu Holdings Co Ltd	Hotels, Restaurants & Leisure	2340	1/30/2017	8.0	11%
Seven Bank Ltd	Banks	8410	2/3/2017	8.0	27%
GungHo Online Entertainment Inc	Software	3765	2/2/2017	7.8	-31%
Gmo Payment Gateway Inc	IT Services	3769	2/3/2017	7.4	4%
Colopl Inc	Software	3668	2/1/2017	7.4	-23%
Pacific Industrial Co Ltd	Auto Components	7250	2/2/2017	7.3	-13%
K'S Holdings Corp	Specialty Retail	8282	2/2/2017	7.3	19%

Japanese firms make up the totality of the 20 most shorted Apac companies announcing earnings, with short sellers targeting tech names in particular. This affinity for tech names is led by social media game developer Marvelous which has 12.4% of its shares out on loan.

Casio computer also makes the heavily shorted list although short sellers are most likely active in the firm's stock owing to the convertible bonds it has outstanding.

Shipping firm Kawasaki Kisen Kaisha is the most shorted non technology name as 12% of its shares are out on loan to short sellers.

Kawasaki Kisen Kaisha Ltd



Source: IHS Markit

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