

Most shorted ahead of earnings

A review of how short sellers are positioning themselves in stocks ahead of earnings announcements in the coming week, plus names identified at risk of experiencing a short squeeze.

- High conviction short sellers rush to Approach Resources as senior debt downgraded
- Ubiquity Networks most likely to squeeze out of money short sellers ahead of earnings
- Japanese consumer technology firms the most shorted ahead of earnings in Apac

North America

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Rex Energy Corp	Oil & Gas Exploration & Production	REX	04/08/2015	48.3	11%
Approach Resources Inc	Oil & Gas Exploration & Production	AREX	05/08/2015	38.7	3%
Bill Barrett Corp	Oil & Gas Exploration & Production	BBG	06/08/2015	38.0	16%
Lumber Liquidators Holdings Inc	Home Improvement Retail	LL	05/08/2015	37.9	6%
Labrador Iron Ore Royalty Corp	Steel	LIF	07/08/2015	30.2	-4%
Northern Oil And Gas Inc	Oil & Gas Exploration & Production	NOG	05/08/2015	31.0	15%
Chesapeake Energy Corp	Oil & Gas Exploration & Production	CHK	05/08/2015	30.1	15%
Zillow Group Inc	Internet Software & Services	Z	04/08/2015	26.5	13%
Ovascience Inc	Biotechnology	OVAS	07/08/2015	29.4	10%
Keryx Biopharmaceuticals Inc	Biotechnology	KERX	05/08/2015	27.5	7%
Albany Molecular Research Inc	Life Sciences Tools & Services	AMRI	04/08/2015	23.2	-4%
Financial Engines Inc	Asset Management & Custody Banks	FNGN	05/08/2015	23.6	-3%
Sarepta Therapeutics Inc	Biotechnology	SRPT	07/08/2015	21.6	-5%
Habit Restaurants Inc	Restaurants	HABT	05/08/2015	12.5	26%
Pra Group Inc	Consumer Finance	PRAA	05/08/2015	22.1	-4%
Geospace Technologies Corp	Oil & Gas Equipment & Services	GEOS	06/08/2015	21.1	-15%
Horsehead Holding Corp	Diversified Metals & Mining	ZNC	07/08/2015	21.1	2%
Ligand Pharmaceuticals Inc	Biotechnology	LGND	04/08/2015	20.9	6%
Transocean Ltd	Oil & Gas Drilling	RIG	05/08/2015	21.1	15%
Pfizer Biopharma Inc	Biotechnology	PLDI	05/08/2015	20.5	-1%

Dominating the most shorted ahead of earnings this week in North America are Energy and Pharmaceutical firms. Leading the pack is Rex Energy with 48% of shares outstanding on loan.

Rex Energy Corp



Shares in the company are down 51% over the last month and 84% over the last 12 months as low oil prices continue to impact the firm and the industry.

Approach Resources Inc



Moody's recently downgraded senior notes in shale oil company Approach Resources, which is the most in demand short from sellers ahead of earnings. The cost to borrow has soared close to 30% with 39% of shares currently out on loan.

Keryx Biopharmaceuticals Inc



Keryx Biopharmaceuticals and Ovascience are the most short sold Biotech stocks ahead of earnings with 28% and 30% of shares out on loan respectively. Both names see high utilisation levels of above 80% but short

sellers are prepared to pay more 12 fold more to short Keryx, with a fee above 10%.

Ovascience Inc



High risk of squeezing

Ubiquity Networks is ranked among the top companies expected to squeeze currently, leading into their earnings announcement. Nearly all short sellers are out of the money on the name with a high concentration of sellers near breakeven, increasing the sensitivity to sudden price movements.

Ubiquiti Networks Inc



Europe

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Kloeckner & Co Se	Trading Companies & Distributors	KCO	07/08/2015	19.6	13%
Tag Immobilien Ag	Oil & Gas Equipment & Services	TEG	06/08/2015	13.8	-7%
Sbm Offshore Nv	Real Estate Development	SBMO	07/08/2015	13.4	4%
Melia Hotels International Sa	Hotels, Resorts & Cruise Lines	MEL	04/08/2015	11.7	4%
Alstria Office Reit Ag	Office REITs	AOX	04/08/2015	10.0	-5%
Kuka Ag	Industrial Machinery	KUZ	06/08/2015	9.7	-2%
Astaldi Spa	Construction & Engineering	AST	04/08/2015	9.6	21%
Lundin Petroleum Ab	Oil & Gas Exploration & Production	LUPE	06/08/2015	9.2	1%
Nokian Tyres Plc	Tires & Rubber	NRETV	08/08/2015	8.6	8%
Telecom Italia Spa	Integrated Telecommunication Services	TIT	07/08/2015	8.7	-23%
Tod'S Spa	Footwear	TOD	07/08/2015	7.8	5%
Fugro C Gdr	Oil & Gas Equipment & Services	FUR	07/08/2015	7.8	-7%
Eiringsklinger Ag	Auto Parts & Equipment	ZIL2	06/08/2015	7.3	9%
Buzzi Unicem Spa	Construction Materials	BZU	05/08/2015	7.2	-1%
Aggreko Plc	Diversified Support Services	AGK	07/08/2015	7.2	8%
Fresnillo Plc	Precious Metals & Minerals	FRES	05/08/2015	5.3	0%
Sgl Carbon Se	Electrical Components & Equipment	SGL	07/08/2015	5.2	11%
Adidas Ag	Apparel, Accessories & Luxury Goods	ADS	07/08/2015	5.2	16%
Suess Microtec Ag	Semiconductor Equipment	SMHN	07/08/2015	4.6	27%
Muenchener Rueckversicherungs Gesellschaft in Reinsurance		MUV2	07/08/2015	4.1	41%

Most shorted ahead of earnings in Europe this week is Klockner with 20% of shares out on loan. The steel and metal products distributor has seen short sellers continue to add to positions over the last 12 months while the share price has fallen 15%.

Kloeckner & Co Se



Second most shorted in Europe is Tag Immobilien with 14% of shares out on loan. The large German real estate firm has seen shares fall by 11% in the last three months while short interest has climbed higher by 8%.

Tag Immobilien Ag



Source: Markit

Third most shorted in the region with 13% of shares outstanding on loan is SBM Offshore which provides floating production and mooring systems to the oil industry.

Sbm Offshore Nv



Source: Markit

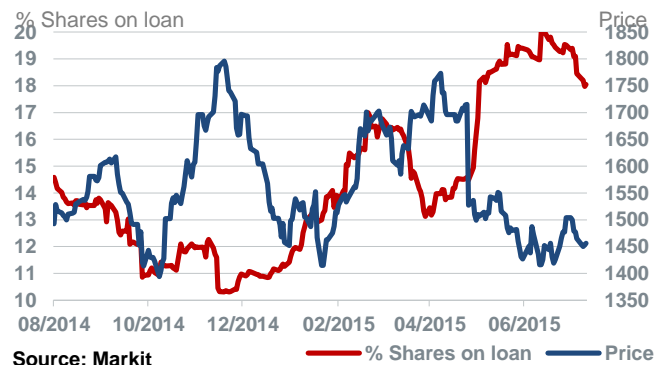
Apac

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Nikon Corp	Consumer Electronics	7731	06/08/2015	18.2	-9%
Mitsumi Electric Co Ltd	Electronic Components	6767	06/08/2015	13.1	110%
Edion Corp	Computer & Electronics Retail	2730	05/08/2015	12.9	-1%
Kakaku.Com Inc	Internet Software & Services	2371	05/08/2015	10.4	-10%
Croz Inc	Internet Software & Services	2138	03/08/2015	9.3	16%
Yamada Denki Co Ltd	Computer & Electronics Retail	9831	06/08/2015	10.3	-10%
Klab Inc	Application Software	3656	06/08/2015	8.7	-13%
Takata Corp	Auto Parts & Equipment	7312	06/08/2015	7.5	-2%
Lion Corp	Household Products	4912	05/08/2015	8.0	11%
Epistar Corp	Semiconductors	2448	06/08/2015	7.1	-4%
Saxa Holdings Inc	Communications Equipment	6675	07/08/2015	4.2	70%
Motech Industries Inc	Semiconductors	6244	06/08/2015	6.6	-15%
Kagome Co Ltd	Packaged Foods & Meats	2811	04/08/2015	6.3	3%
Ehime Bank Ltd	Regional Banks	8541	03/08/2015	6.2	22%
Tomy Co Ltd	Leisure Products	7867	06/08/2015	6.5	6%
Yamaguchi Financial Group Inc	Regional Banks	8418	03/08/2015	6.5	-5%
Tsumura & Co	Pharmaceuticals	4540	04/08/2015	5.8	-6%
Nippon Ceramic Co Ltd	Electronic Components	6929	07/08/2015	6.4	1%
Nichias Corp	Building Products	5393	03/08/2015	5.0	-4%
Japan Display Inc	Electronic Components	6740	07/08/2015	5.4	70%

Most shorted ahead of earnings in Apac is well established Japanese consumer camera maker Nikon. With 18% of shares outstanding on loan, the product segment has continued to come under pressure **recently** due to weak

consumer demand being impacted by smartphones.

Nikon Corp



Source: Markit

Japanese manufacturer of electrical and telecommunications components Mitsumi Electric has seen shares out on loan spike, doubling in the last weeks of July to 13%.

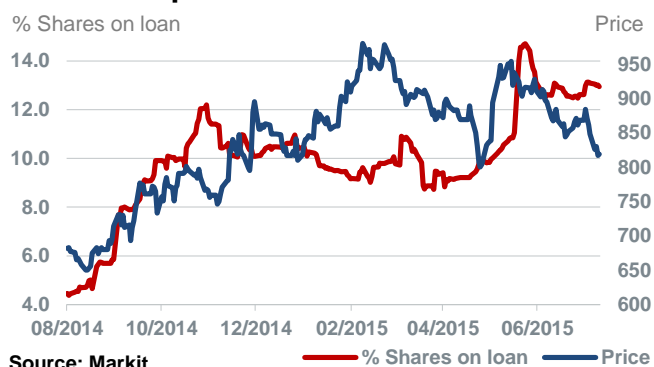
Mitsumi Electric Co Ltd



Source: Markit

Osaka based consumer electronics retailer, maintenance and repair provider Edion has seen short interest rise to 13% of shares out on loan and is the third most shorted ahead of earnings in Apac.

Edion Corp



*To receive more information on short interest data or our Short Squeeze model please **contact us**.

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

Relte Stephen Schutte

Analyst

Markit

Tel: +44 207 064 6447

Email: relte.schutte@markit.com

For further information, please visit 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.