

# Equities week ahead: most shorted & dividends

A review of how short sellers are positioning themselves in stocks and which companies are expected to cut dividends in earnings announcements in the coming week.

- Short sellers continue to target oil & gas firms in North America
- 25% spike in short interest in Herbalife ahead of earnings
- Japanese retailers feature strongly in Apac shorts ahead of earnings

## North America

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Swift Energy Company	Oil & Gas Exploration & Production	SFY	07/05/2015	41.0	0%
Approach Resources Inc	Oil & Gas Exploration & Production	AREX	06/05/2015	32.7	2%
Exact Sciences Corp	Biotechnology	EXAS	04/05/2015	31.7	8%
Myriad Genetics Inc	Biotechnology	MYGN	05/05/2015	31.5	-5%
Keryx Biopharmaceuticals Inc	Biotechnology	KERX	04/05/2015	31.1	0%
Rex Energy Corp	Oil & Gas Exploration & Production	REXX	05/05/2015	31.0	-14%
Sanchez Energy Corp	Oil & Gas Exploration & Production	SN	06/05/2015	30.3	9%
Herbalife Ltd	Personal Products	HLF	05/05/2015	28.4	22%
Encore Capital Group Inc	Consumer Finance	ECPG	07/05/2015	27.5	-7%
Outerwall Inc	Specialty Stores	OUTR	07/05/2015	27.5	-15%
Keyw Holding Corp	Aerospace & Defense	KEYW	07/05/2015	27.3	-7%
Quebecor Inc	Cable & Satellite	QBR B	07/05/2015	26.0	6%
Orasience Inc	Biotechnology	OVAS	08/05/2015	25.9	32%
Sarepta Therapeutics Inc	Biotechnology	SRPT	08/05/2015	25.6	16%
Geospace Technologies Corporation	Oil & Gas Equipment & Services	GEOS	07/05/2015	25.4	23%
Now Inc	Trading Companies & Distributors	DNOW	07/05/2015	24.6	-7%
Energy XXI Ltd	Oil & Gas Exploration & Production	EXXI	07/05/2015	24.6	-7%
Northern Oil And Gas Inc	Oil & Gas Exploration & Production	NOG	08/05/2015	23.7	-16%
Financial Engines Inc	Asset Management & Custody Banks	FNGN	06/05/2015	23.6	2%
Transocean Ltd	Oil & Gas Drilling	RIG	06/05/2015	22.7	0%

Oil & gas firms continue to dominate the most shorted stocks ahead of earnings in North America, with eight names among the most shorted ahead of earnings. Shale oil & gas plays Swift energy and Approach Resources see the highest short interest within that group with 41% and 33% of shares outstanding on loan respectively.

## Swift Energy Company



The most expensive or in demand short in North America ahead of earnings this week is gulf of Mexico oil & gas producer **Energy XXI**,

whose to borrow cost stands nearly 40% after short sellers borrowed over 75% of the available lending supply.

## Herbalife Ltd



Looking beyond the energy space, controversial short target Herbalife has seen a 25% jump in shares outstanding on loan over the last month. The proportion of HLF shares out on loan has increased to 28.4%, just shy of the all-time high achieved in early 2013.

This “**philanthropic**” short has been part of an active short selling campaign by Bill Ackman, who seems to have come out on the right side of the trade despite against heavy opposition from George Soros and Carl Icahn who took opposing positions in August 2014.

## Western Europe

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
J Sainsbury Plc	Food Retail	SBRV	06/05/2015	13.5	4%
Telecom Italia Spa	Integrated Telecommunication Services	TIT	07/05/2015	13.2	-8%
Tag Immobilien Ag	Real Estate Development	TEG	07/05/2015	13.0	0%
Banca Monte Dei Paschi Di Siena Spa	Diversified Banks	BMPS	08/05/2015	11.8	9%
Kuka Ag	Industrial Machinery	KU2	06/05/2015	10.5	3%
Fisimidh & Co A/S	Construction & Engineering	FLS	08/05/2015	10.0	-20%
Morphosys Ag	Life Sciences Tools & Services	MOR	05/05/2015	8.7	16%
Alcatel Lucent Sa	Communications Equipment	ALU	07/05/2015	8.5	-5%
Rec Silicon Asa	Semiconductor Equipment	REC	06/05/2015	8.4	7%
Bilfinger Sa	Diversified Support Services	GBF	07/05/2015	8.1	-1%
Fred Olsen Energy Asa	Oil & Gas Drilling	FOE	06/05/2015	8.1	-13%
Arcelormittal Sa	Steel	MT	07/05/2015	7.8	-3%
Aperam Sa	Steel	APAM	05/05/2015	7.4	-19%
Deutsche Lufthansa Ag	Airlines	LHA	05/05/2015	7.4	-9%
Onflame Cosmetics Sdr	Personal Products	ORI SDE	08/05/2015	7.2	-1%
Alsatis Office Ret Ag	Office REITs	AOX	04/05/2015	7.2	21%
Okia Asa	Packaged Foods & Meats	QRK	07/05/2015	7.0	251%
Beni Stabili Spa	Office REITs	BNS	05/05/2015	7.0	10%
Lundin Petroleum Ab	Oil & Gas Exploration & Production	LUPE	06/05/2015	6.7	-24%
Piaggio & C Spa	Motorcycle Manufacturers	PIA	08/05/2015	6.6	5%

Sainsbury's remains among the most shorted stocks in Western Europe, even outside of those expected to release earnings in the coming week. However the stock has seen demand and the cost to borrow stock fall in recent months, with shares outstanding on loan moderating from November highs of 18.5% to 13.5% currently.

## J Sainsbury Plc



Markit's dividend team is forecasting Sainsbury's to cut its final dividend by 40%. While the trailing yield stands at a 6.4%, our forecasts for the coming year expect this figure to stand at just 3.9%.

Short sellers are holding their ground in German residential property group TAG. Shares out on loan have remained relatively flat at ~13% year to date while the share price has rallied and subsequently receded in the last few weeks.

## Tag Immobilien Ag



Short sellers have also been staying the course in German firm Morphosys despite its recent rally. Demand to borrow has climbed from ~1% last November to the current 8.7% as the biotech firm ended a development deal with American firm Celgene which sent its shares down sharply.

## Morphosys Ag



## Asia Pacific

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Yamada Denki Co Ltd	Computer & Electronics Retail	9831	07/05/2015	17.0	6%
Edion Corp	Computer & Electronics Retail	2730	08/05/2015	9.2	-11%
Nippon Yakin Kogyo Co Ltd	Steel	5480	08/05/2015	8.4	-8%
k'S Holdings Corp	Computer & Electronics Retail	8282	07/05/2015	7.9	1%
Micronics Japan Co Ltd	Semiconductor Equipment	6871	08/05/2015	7.9	0%
Nippon Ceramic Co Ltd	Electronic Components	6929	08/05/2015	7.6	4%
Yamaguchi Financial Group Inc	Regional Banks	8418	08/05/2015	7.0	3%
Osaki Electric Co Ltd	Electronic Equipment & Instruments	6644	08/05/2015	7.0	-26%
Epistar Corp	Semiconductors	2448	07/05/2015	6.9	49%
United Arrows Ltd	Apparel Retail	7606	08/05/2015	6.8	2%
Hwin Technologies Corp	Industrial Machinery	2049	05/05/2015	6.2	-7%
Nittoc Construction Co Ltd	Construction & Engineering	1929	08/05/2015	6.1	38%
Fukuyama Transporting Co Ltd	Trucking	9075	08/05/2015	6.1	9%
McDonald'S Holdings Company (Japan) Ltd	Restaurants	2702	08/05/2015	5.6	9%
Kagome Co Ltd	Packaged Foods & Meats	2811	08/05/2015	5.6	10%
Midax Holdings Ltd	Aluminum	5EN	08/05/2015	5.2	-16%
Cookpad Inc	Internet Software & Services	2193	08/05/2015	5.1	9%
Senko Co Ltd	Trucking	9069	07/05/2015	4.8	34%
Mamezou Holdings Co Ltd	IT Consulting & Other Services	3756	08/05/2015	4.5	76%
Takata Corp	Auto Parts & Equipment	7312	08/05/2015	4.3	-28%

Japanese retailing firms feature predominantly this week among the most shorted ahead of earnings in Apac. Consumer technology retailer Yamada Denki is at the top of the list with 17% of shares outstanding on loan. Short sellers have covered positions since November 2014 as the stock continued to climb.

### Yamada Denki Co Ltd



With almost half of available shares to short out on loan, Edion is the second most shorted in Apac ahead of earnings with a total of 9.2% of shares outstanding on loan.

### Edion Corp



Rounding out the top three in Japan is consumer electronics retailer K'S Holdings which has 9.2% of shares outstanding on ahead of earnings.

### K'S Holdings Corp



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