

European bears in QE-induced hibernation

Short interest across the Euro Stoxx 50 index stands near the yearly lows despite a surge in demand to borrow across global equity markets.

- 1.1% of Euro Stoxx 50 shares are out on loan on average, same as at the start of the year
- Only one constituent sees any significant demand to borrow; Italian insurer Generali
- Volkswagen short interest back below pre-crisis levels

Despite seeing its fair share of the global market volatility, short interest across the Euro Stoxx 50, as gauged by the demand to borrow shares of its constituents, has remained relatively stable over the year so far. The current demand to borrow the index's shares now stands at 1.1% of shares outstanding; a number that has remained pretty much flat on the year.

Euro STOXX 50



This anaemic demand to borrow contrasts with that seen elsewhere, as the **US** and **Asia** have seen marked increases in short interest in recent months as short sellers play the rise in volatility.

Meanwhile in Europe, UK shares have seen a significant **increase** in short interest. This decoupling of eurozone shares from the rest of their global and regional peers singles out the ECB's quantitative easing policy as the likely suspect for the low demand to borrow, as central bank liquidity is arguably one of the most effective short seller repellents. This holds in the other QE hotbed Japan whose shares have seen a much lower increase in

demand to borrow than their Asian peers since the start of the year.

Bears hold off across the board

Another remarkable aspect the current state of eurozone short interest is the fact that only one constituent of the Euro Stoxx 50 index sees any material short interest, as gauged by having more than 3% of shares outstanding. That honour goes to Italian insurer Generali which has 6% of its shares currently out on loan.

Volkswagen escapes the short sellers

Even Volkswagen's ongoing scandal wasn't enough to tempt bears to pile in given that the carmaker saw its short interest peak at 5% of shares outstanding in the depths of the recent emissions scandal in . VW shares have since rebounded from their low, which has seen short sellers retreat from their already low positions. Current demand to borrow now stands below 2% of shares outstanding; less than the levels seen at the start of the year.

Volkswagen Nv Prf



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