

# Most shorted ahead of earnings

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

- Fatigue in gun sales sees short interest rise 300% and shares in Smith and Wesson fall
- Short sellers hold on to Berkeley Group ahead of earnings, despite shares gaining ground
- Shares in Australian Metcash stage impressive recovery as shorts cover

## North America

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Smith & Wesson Holding Corp	Leisure Products	SWHC	06/16/2016	11.6	-7%
Pdvwireless Inc	Alternative Carriers	PDVW	06/13/2016	7.9	-4%
Motorcar Parts Of America Inc	Auto Parts & Equipment	MPAA	06/13/2016	7.6	-9%
Stingray Digital Group Inc	Broadcasting	RAY.A	06/16/2016	6.6	0%
Ctrip Com Intntrl 8 ADR Rep 1 Ord	Internet Retail	CTRP	06/15/2016	6.2	47%
Bob Evans Farms Inc	Restaurants	BOBE	06/14/2016	4.2	-16%
Clarcor Inc	Industrial Machinery	CLC	06/15/2016	3.8	-13%
The Kroger Co	Food Retail	KR	06/15/2016	3.1	-25%
Iron Inc	Electronic Equipment & Instruments	ITRI	06/15/2016	3.1	-6%
Qihoo 360 Techn 2 ADR Rep 3 Cl A Ord	Internet Software & Services	QIHU	06/17/2016	2.5	217%

Most shorted ahead of earnings this week in North America is gun maker Smith & Wesson, with 11.6% of its shares outstanding on loan (short interest).

### Smith & Wesson Holding Corp



Short sellers have returned to US gun makers after **backing** off last year, as **surging** sales driven by threats of tighter gun control saw Smith and Wesson shares rise 132% in 2015. However analysts have now moderated future expectations, downgrading the company even after it beat its own sales guidance for the previous **quarter**. Shares in 2016 **plummeted** after the news, erasing all gains year to date on fears gun sales have peaked.

Second most shorted in North America is PdvWireless with short interest of 7.9%. Previously named Pacific Data Vision, the company provides **two-way** radio communication solutions, predominantly directed towards fleet management, competing against cellular-based solution providers.

### Pdvwireless Inc



Shares have plunged almost 50% since the beginning of May 2016 with the company currently involved in a petition to realign its spectrum with a current nationwide 900MHZ licence.

### Motorcar Parts Of America Inc



Short interest **remains high** in Motorcar Parts of America at 7.6% with shares tumbling by a quarter in the past three months as earnings consensus for the fourth quarter has been downgraded to marginally beat comparative 2015 levels.

### Stingray Digital Group Inc



With 6.6% of shares outstanding on loan, short sellers have held steady in Montreal based Stingray Digital, with shares rising 16% in the past six months. The company provides b2b digital music solutions and has recently received notice of a **patent** infringement.

**Still seeing** some material levels of short interest ahead of earnings is US listed ADR of Chinese firm Ctrip.com which is one of the most short sold ADRs currently.

### Europe

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Gerry Weber International Ag	Apparel, Accessories & Luxury Goods	GW11	06/14/2016	6.1	3%
Ashtead Group Plc	Trading Companies & Distributors	AHT	06/14/2016	5.9	-34%
Telecom Plus Plc	Multi-Utilities	TEP	06/14/2016	4.7	-22%
Berkeley Group Holdings Plc	Homebuilding	BKG	06/15/2016	4.7	-5%
Halma Plc	Electronic Equipment & Instruments	HLM A	06/14/2016	3.3	-9%
Findel Plc	Catalog Retail	FDL	06/14/2016	2.7	592%
Firstgroup Plc	Trucking	FGP	06/14/2016	2.3	-4%
Industria De Diseno Textil Sa	Apparel Retail	ITX	06/15/2016	2.0	-41%
Poundland Group Plc	General Merchandise Stores	PLND	06/16/2016	2.3	358%
Crest Nicholson Holdings Plc	Homebuilding	CRST	06/14/2016	0.9	-24%

Most shorted ahead of earnings in Europe this week is Gerry Webber International with 6.1% of shares outstanding on loan.

### Gerry Weber International Ag



Short sellers have shed 50% of positions in the German based Fashion retailer during the year; the firm's shares have fallen over 40% in the past 12 months. Second quarter earnings look set to fall short of 2015 levels with full year revenue and earnings expected to decline year-on-year.

### Ashtead Group Plc



Shorts have covered sharply across Ashtead Group in recent days. The global equipment rental firm currently has 5.9% of shares outstanding on loan. Shares have rallied 25%

in the past three months with short sellers shedding 27% of positions the week ahead of earnings.

### Telecom Plus Plc



Short sellers have continued to cover in **last years'** most shorted in Europe - Telecom Plus (trading as Utility Warehouse). Shares have staged an impressive 25% rally since mid-April, with short sellers covering over two thirds of positions.

### Berkeley Group Holdings Plc



Possibly one of the most anticipated earnings reports in the UK given concerns surrounding the luxury housing market, house builder Berkeley Group is the fourth most short sold stock ahead of earnings in Europe. Short interest **remains at high levels** with 4.7% of shares sold short, despite shares rising 13% since mid-April.

### Apac

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Metcash Ltd	Food Distributors	MTS	06/15/2016	15.2	-9%
Enigmo Inc	Internet Software & Services	3655	06/14/2016	4.6	9%
Vivomed Co Ltd	Biotechnology	084990	06/14/2016	4.4	4%
Sij Inc	IT Consulting & Other Services	2315	06/14/2016	3.4	19%
Ardepro Co Ltd	Real Estate Development	8925	06/14/2016	2.9	20%
Kikuchi Seisakusho Co Ltd	Industrial Machinery	3444	06/14/2016	2.6	4%
3S Korea Co Ltd	Electronic Equipment & Instruments	060310	06/16/2016	2.6	5%
Invesco Office J.Retf Inc	Office REITs	3298	06/15/2016	2.6	461%
Nishimatsuya Chain Co Ltd	Apparel Retail	7545	06/16/2016	2.2	26%
Kobe Bussan Co Ltd	Food Retail	3038	06/13/2016	2.0	-3%

Most shorted ahead of earnings in Apac is Australian retailer Metcash with 15% short interest currently. Improved operating results the firm's grocery wholesale business has supported a recent share price recovery of over 100%, this has seen shares return back to 2014 levels.

### Metcash Ltd



Second most shorted in Apac with short interest of 4.6% is Enigmo whose shares have spiked 125% in the past three months.

### Enigmo Inc



Short sellers have covered a fifth of positions in Enigmo which is an internet and social commerce business based in Tokyo.

Consensus forecasts indicate a large jump in sales and earnings expected for the full year.

Lastly, third most shorted in Apac is Viomed with short interest rising almost three fold in the past six months to reach 4.4%. The South Korean company develops and manufactures biopharmaceuticals for the treatment of human diseases.

### Viomed Co Ltd



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