

# Most shorted ahead of earnings

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

- Gamestop most shorted S&P500 name, bears and bulls hold steady after downgrade-drop
- Oprah squeeze begins to hurt as 100% shorts out-of-the-money in Weight Watchers
- Utility Warehouse (Telecom Plus) recently sent short sellers covering with previous results

## North America

Name	Industry	Ticker	Value on loan (\$m)	% Shares Outstanding On Loan	1 Month % Change
Gamestop Corp	Computer & Electronics Retail	GME	24/11/2015	47.1	11%
Cracker Barrel Old Country Store Inc	Restaurants	CBRL	25/11/2015	21.7	11%
Enanta Pharmaceuticals Inc	Biotechnology	ENTA	24/11/2015	21.6	11%
Trina Solar ADR Reptg 50 Ord	Semiconductors	TSL	24/11/2015	16.5	11%
Arrowhead Research Corp	Biotechnology	ARWR	25/11/2015	14.9	11%
Guess? Inc	Apparel Retail	GES	25/11/2015	12.9	11%
Nobilis Health Corp	Health Care Services	NHC	25/11/2015	10.9	11%
Dsw Inc	Apparel Retail	DSW	25/11/2015	10.9	11%
Deere & Co	Agricultural & Farm Machinery	DE	25/11/2015	10.1	11%
Frontline Ltd	Oil & Gas Storage & Transportation	FRO	25/11/2015	9.1	11%
Veeva Systems Inc	Health Care Technology	VEEV	25/11/2015	8.4	11%
Tech Data Corp	Technology Distributors	TECD	25/11/2015	8.2	11%
Post Holdings Inc	Packaged Foods & Meats	POST	24/11/2015	7.8	11%
Fred's Inc	General Merchandise Stores	FRED	25/11/2015	7.1	11%
Donaldson Company Inc	Industrial Machinery	DCI	25/11/2015	6.5	11%
Dycom Industries Inc	Construction & Engineering	DY	25/11/2015	6.4	11%
Tyson Foods Inc	Packaged Foods & Meats	TSN	24/11/2015	6.2	11%
Laclede Group Inc	Gas Utilities	LG	25/11/2015	6.1	11%
Valspar Corp	Specialty Chemicals	VAL	25/11/2015	6.1	11%
Raven Industries Inc	Industrial Conglomerates	RAVN	25/11/2015	6.1	11%

Most shorted ahead of earnings this week and the most shorted in the **S&P500 currently** is Gamestop with 47% of shares outstanding on loan.

## Gamestop Corp



Persevering short sellers were rewarded last week with a 13% sell off after an analyst downgrade sent Gamestop shares diving. Last week has also seen the cost to borrow stock increase by 37%, indicating that bearish sentiment remains strong ahead of earnings due out on Monday.

Second most shorted for a consecutive quarter ahead of earnings is Cracker Barrel Old Country Store. The stock has been driven 11.4% lower since September while shares outstanding on loan have increased by 50%.

## Cracker Barrel Old Country Store Inc



Third most shorted is Enanta Pharmaceuticals, a biotech firm researching and developing drugs for viral infections and liver disease. Shares outstanding on loan currently stand at 21.6%.

## Enanta Pharmaceuticals Inc



Shares in Enanta plummeted on October 22<sup>nd</sup> when the FDA issued a warning on **AbbVie's hepatitis C drug Viekira Pak** - components of which are supplied by Enanta Pharmaceuticals.

**Short squeeze**

**Research Signal's** Short Squeeze model\* identifies companies highly likely to suffer a squeeze under current trading conditions.

One such company identified last week is Weight Watchers International. The company has been on the radar of short sellers since shares surged in October post a strategic investment by Oprah Winfrey of over £40m.

**Weight Watchers International Inc**



The company recently **posted** disappointing earnings with a lower active subscriber base and recruitment numbers during the quarter. Despite poor earnings, shares have risen 56% since, characteristic of where a stock has been highly shorted and the shorts are capital constrained. 100% of the shorts are out-of-the-money as of November 18<sup>th</sup> 2015.

**Europe**

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Seadrill Ltd	Oil & Gas Drilling	SDRL	26/11/2015	14.8	-6%
Schoeller Bleckmann Oilfield Equipment	Oil & Gas Equipment & Services	SBO	26/11/2015	10.3	1%
Telecom Plus Plc	Multi-Utilities	TEP	24/11/2015	7.6	-1%
Marston'S Plc	Restaurants	MARS	26/11/2015	7.2	2%
Remy Cointreau Sa	Distillers & Vintners	RCO	26/11/2015	6.9	1%
Mitie Group Plc	Environmental & Facilities Services	MTO	23/11/2015	6.8	-7%
Zodiac Aerospace Sa	Aerospace & Defense	ZC	24/11/2015	7.3	11%
Ao World Plc	Internet Retail	AO	24/11/2015	5.9	-13%
Conwert Immobilien Invest Se	Real Estate Development	CWI	25/11/2015	5.7	8%
Infineon Technologies Ag	Semiconductors	IFX	26/11/2015	5.2	-14%

Most shorted ahead of earnings in Europe is offshore driller Seadrill, which has seen a dramatic 43% fall in its shares in the second half of 2015. Sustained lower oil prices have dampened exploration activities as oil firms reduce budgets. Shares outstanding on loan currently stand at 14.8%.

**Seadrill Ltd**



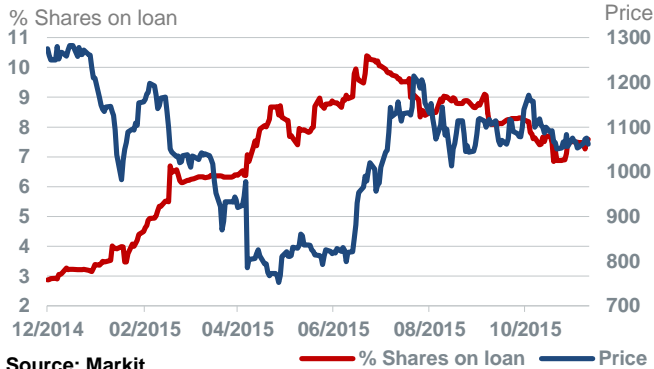
Austrian **Shoeller-Bleckmann** Oilfield Equipment is the second most shorted ahead of earnings in Europe with 10.3% of shares outstanding on loan. The firm supplies tools and equipment into the well drilling segment and is heavily exposed to the US oil producers.

**Schoeller Bleckmann Oilfield Equipment Ag**



Third most shorted in Europe ahead of earnings is low cost utility group Telecom Plus with 7.6% of shares outstanding on loan. Shares have turned a corner and reclaimed some 30% **since June** after the company released positive trading results for the year ending **March 31<sup>st</sup> 2015**.

### Telecom Plus Plc



Other notable European stocks shorted ahead of earnings include cognac maker Remy Cointreau with 6.9% of shares sold short and Zodiac Aerospace which has been **targeted** due to weakness emanating in the weak demand for new aircraft.

### Apac

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
China Huishan Dairy Holdings Compa	Packaged Foods & Meats	6863	27/11/2015	6.2	-1%
Als Ltd	Research & Consulting Services	ALQ	26/11/2015	5.3	9%
Seegene Inc	Biotechnology	096530	23/11/2015	4.2	8%
China Ocean Resources Co Ltd	Packaged Foods & Meats	900050	23/11/2015	3.8	-1%
Gome Electrical Appliances Holding Lt	Computer & Electronics Retail	493	23/11/2015	3.8	-15%
Sa Sa International Holdings Ltd	Specialty Stores	178	24/11/2015	3.6	-5%
Luk Fook Holdings International Ltd	Specialty Stores	590	26/11/2015	2.9	44%
Kolao Holdings	Automotive Retail	900140	23/11/2015	2.8	-14%
Nippon Parking Development Co Ltd	Environmental & Facilities Services	2353	27/11/2015	2.7	-1%
Goldin Properties Holdings Ltd	Diversified Real Estate Activities	283	27/11/2015	2.6	-10%

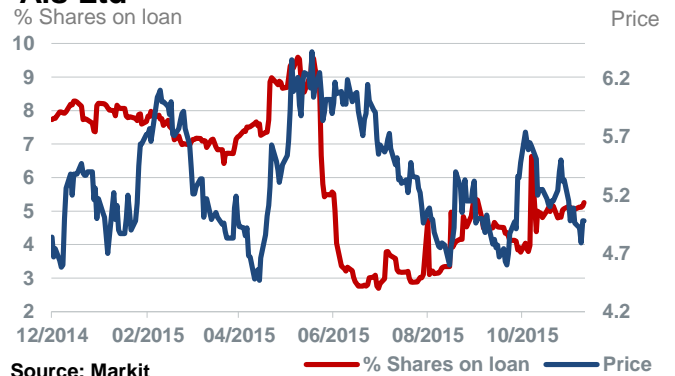
Most shorted ahead of earnings in Apac is one of the biggest dairy producers in China, Huishan Dairy. The company has seen short sellers cover positions by 20% since June, as the stock price has increased over 80% in the last six months.

### China Huishan Dairy Holdings Company Ltd



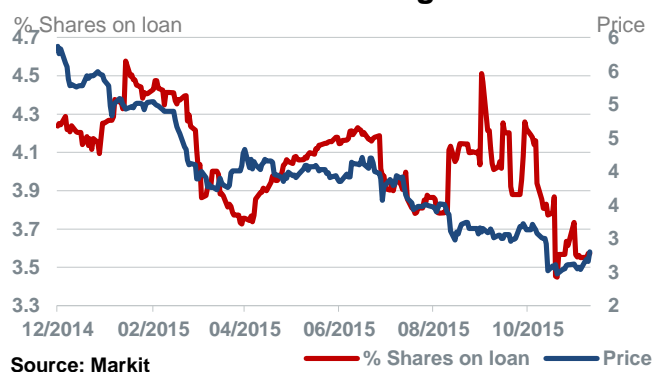
Second most shorted is ALS, an International testing service business with a heavy exposure to geochemistry, metallurgy and mining industry. 5.3% of shares are currently outstanding on loan.

### Als Ltd



Among the most shorted in Apac is Asian cosmetics retailer Sa Sa International with 3.6% of shares outstanding on loan. Drops in both sales and gross profits have hit the Hong Kong listed firm which released a profit warning notice last month stating that H1 FY16 is expected to be down over 50% year-on-year. Markit Dividend Forecasting expects the company's dividends to be significantly lower than their prior corresponding periods.

### Sa Sa International Holdings Ltd



\*To receive more information on **Securities Finance, Research Signals, Exchange Traded Products, Dividend Forecasting** or our Short Squeeze model please **contact us**

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

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