

# Hedge Funds Aggressively Short Danish Stocks

Stockholm (HedgeNordic) - Hedge funds are aggressively betting on Danish stocks to decline. According to Bloomberg, who are referring to data from the Financial Supervisory Authority in Copenhagen, the value of Danish stocks being shorted has more than trippled in the last five years.

Although the regulator banned short bets against Danish banks during the financial crisis, it now regards such speculation as healthy, Bloomberg reports.

“We’re generally positive on short selling,” Anders Balling, head of the capital markets division at the Danish FSA told Bloomberg. “Short positions are good for a well-functioning stock market. It makes the pricing more accurate and it also adds liquidity”, he was quoted as saying.

The short trading in Danish stocks has been on the rise as the market has outperformed its European benchmarks. In the five years through 2017, the main Danish share index doubled in value while the Stoxx Europe 600 Index added about 40 percent.

Among Danish stocks where hedge funds have been on the winning side of the trade, jewelry maker Pandora A/S, vaccine devleoper Bavarian Nordic A/S and cable producer NKT A/S stand out, Anne Sophie Riis, who works at the equity sales desk in Copenhagen, told Bloomberg.

The most shorted stocks in the Copenhagen benchmark index is Pandora, Genmab, WDH, Coloplast and Vestas, according to data from S3 Partners, a New York-based company who are analyzing short positions through its Predictive Analytics division.

Under European Union rules, hedge funds must report to the FSA if they hold a short position equal to 0.2 percent or more of a company’s share capital. When they hold 0.5 percent or more, the FSA publishes the position on its website.

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