

European Short Observer

July 2017

Analysis & Commentary by Luca Angelini

In this report we'll review insights from the European Short Disclosure Regulation (ESMA)—we've tracked more than fifty billion Euros in short investments from the daily filings of over 250 managers. Here we display sector exposure changes and track last month's best short picks. We also rank the most shorted securities, the most covered securities, and the top new shorts of the month.

The biggest increase in aggregate shorted value during July was in **Materials**. After consistently being the most shorted security in our reports, **Carillion** came in as the best short this round, with seventeen managers shorting around 60 million Euros. The security dropped around 70 percent. Not only was it the best short of the month, but it was also the most crowded.

The most shorted security by short interest was **ADVA Optical Networking**, with six new managers shorting it with more than 10 million Euros in additional capital deployed during the month. The most covered security was **Hansteen Holdings**, with four managers closing the position and an aggregate decrease in shorted value of over 50 million Euros.

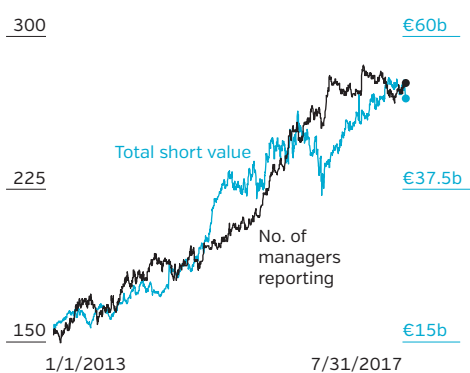
Below, the top ten shorts and the top five new shorts of the month are ranked by short interest. Among these, **Carillion** is still the most shorted overall, and **METRO Wholesale & Food Specialist** was the most shorted among the new shorts.

Top short interest in July

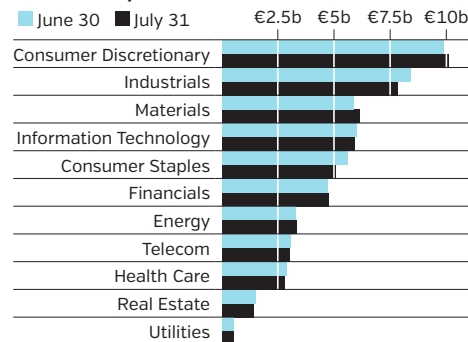
Name	Short interest	Δ Short Int.
Carillion	22.68%	-2.05%
Compagnie Generale De Geophysique - Veritas	21.18%	0.01%
WM Morrison Supermarkets	18.39%	-0.76%
Ocado Group	18.13%	-0.54%
Elekta	17.67%	0.74%
Norwegian Air Shuttle	16.04%	2.06%
Tullow Oil	15.63%	-0.02%
Vallourec	15.13%	-0.16%
Wood Group (John)	14.16%	0.85%
K+S	13.50%	-1.19%

Top new shorts in July

Name	Short interest	Value
Metro Wholesale & Food Specialist	3.71%	€228.0m
IQE	1.72%	€13.9m
IBA	1.31%	€11.7m
Porvair	1.15%	€3.0m
Cloetta	1.11%	€9.5m



Short value by sector



Best shorts in July

Name	Return	Value	#Mngrs short	Short interest	June 30	July 31
Carillion	-70.3%	€62.0m	17			
Sound Oil	-49.3%	€1.7m	1			
Almirall	-43.2%	€14.3m	1			
Acacia Mining	-43.2%	€9.0m	2			
Norske Skogindustrier	-42.5%	€0.2m	1	(no change)		
Schön & Cie	-37.5%	€0.0m	1			
IBA	-37.0%	€11.7m	2			
Technicolor	-27.2%	€16.7m	1			
ADVA Optical Networking	-26.5%	€28.4m	8			
Artprice.com	-26.0%	€0.8m	1			

Most sold short in July

Name	Δ Short Int.	Short Int.	Δ Value	Δ #Mngrs	#Mngrs	Return
ADVA Optical Networking	5.52%	8.88%	€13.4m	6	8	-26.5%
Metro Wholesale & Food Specialist	3.71%	3.71%	€228.0m	3	3	-5.5%
Fred. Olsen Energy	3.69%	7.52%	€2.7m	2	4	-6.4%
Greencore Group	2.35%	3.81%	€38.4m	4	6	-10.8%
GEA Group	2.12%	4.14%	€134.4m	3	5	-5.2%
Norwegian Air Shuttle	2.06%	16.04%	-€8.2m	2	15	-17.6%
Hugo Boss	1.88%	5.22%	€90.1m	1	4	3.4%
Aurelius	1.68%	7.69%	€29.9m	2	7	3.7%
Telit Communications	1.67%	9.67%	€2.0m	0	4	-14.5%
Amer Sports	1.64%	3.98%	€46.4m	2	5	3.3%
Domino's Pizza Group	1.54%	3.00%	€20.0m	3	5	-8.6%
IBA	1.31%	1.31%	€11.7m	2	2	-37.0%
Cairn Energy	1.30%	2.31%	€15.5m	2	4	2.1%
Outokumpu	1.30%	4.13%	€39.8m	1	4	2.5%
Elis	1.30%	7.75%	€40.6m	0	8	3.8%

Most covered in July

Name	Δ Short Int.	Short Int.	Δ Value	Δ #Mngrs	#Mngrs	Return
Hansteen Holdings	-5.38%	1.02%	-€56.8m	-4	1	0.6%
Intrum Justitia	-4.02%	10.13%	-€54.9m	-2	5	-6.4%
Aixtron	-2.47%	10.77%	-€1.0m	-3	10	25.3%
Eltel	-2.40%	0.54%	-€11.7m	-2	1	-10.0%
Carillion	-2.05%	22.68%	-€164.4m	0	17	-70.3%
Metso	-2.02%	1.29%	-€99.0m	-2	1	-10.6%
Heidelberger Druckmaschinen	-2.01%	10.85%	-€7.1m	-2	8	9.0%
Mitie Group	-1.90%	7.53%	-€26.1m	-2	8	-4.9%
Petroleum Geo-Services	-1.86%	9.41%	€0.9m	-1	10	23.1%
Tate & Lyle	-1.82%	0.97%	-€63.8m	-2	1	-2.0%
Ablynx	-1.68%	0.69%	-€10.9m	-1	1	12.9%
Euronav	-1.47%	1.81%	-€16.7m	-2	2	-1.0%
SIG	-1.37%	3.99%	-€10.0m	-2	4	10.9%
Sirius Minerals	-1.35%	4.39%	-€21.8m	-2	5	-5.8%
GFT Technologies	-1.35%	0.79%	-€6.9m	-1	1	-12.5%