



Big Short Activity In These 5 Canadian Names

Description

A couple of times each month the Toronto Stock Exchange puts out its [Top 20 Largest – Consolidated Short Position report](#). And while it's interesting to see which names pop up at the top of the list — this month it happens to be **Lundin Mining** ([TSX:LUN](#)) – perhaps more interesting are the changes that have occurred since the prior report was released.

The table below provides a look at the big movers in the recently released, end of July report.

| Company Name | As of July 31 | As of July 15 | % Change |
|--|---------------|---------------|----------|
| Encana Corp. (TSX:ECA) | 30,267,766 | 18,964,005 | 59.6% |
| BCE Inc. (TSX:BCE) | 23,279,961 | 18,527,517 | 25.6% |
| Bombardier (TSX:BBD.B) | 39,809,879 | 47,946,864 | -17.0% |
| Great-West Life (TSX:GWO) | 23,269,939 | 32,240,879 | -27.8% |
| Manulife (TSX:MFC) | 34,724,527 | 56,871,917 | -38.9% |

Source: TMX Group

During this period, Encana [reported reasonable earnings](#), however the real catalyst for this company will be the release of its strategic review by the end of the year. Clearly, some are doubting that this review will be well received by the market.

BCE didn't even appear on this list at the end of June and is clearly feeling the impact of [Verizon's announcement](#) that it may be coming to Canada. Because of its healthy yield, BCE is a tough stock to short. You see, short sellers are responsible for covering the dividend. Therefore, an extra level of conviction is required to take this kind of position against such a big yield. Conversely, the proceeds from a BCE short sale could be dumped into a long position that carries a similar yield to help cover this burden.

Bombardier missed its self-imposed deadline for its C-Series first flight at the end of June but seemingly did a good job of re-assuring the market that this really wasn't a big deal.

And the more [buoyant interest rate](#) environment of late has clearly had an impact on the shorts that had targeted the Canadian life co's.

Manulife especially has experienced an even more dramatic decline if we consider that in the middle of June it was the most heavily shorted stock, according to the TMX, in the Canadian market at 82 million shares. This position has unwound by nearly 50 million shares since then.

Foolish Takeaway

To be clear, often times these short positions will only represent a portion of a bigger trade that an institutional money manager might have in place. However, there's something to be said for such dramatic swings.

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Fool contributor Iain Butler does not own shares in any company mentioned at this time. The Motley Fool doesn't own shares in any of the companies mentioned.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:BBD.B (Bombardier)
2. TSX:BCE (BCE Inc.)
3. TSX:GWO (Great-West Lifeco Inc.)
4. TSX:MFC (Manulife Financial Corporation)

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