



Which 2 Stocks Are the Biggest Short Sellers on the TSX Right Now?

Description

If you want an indication about what the overall market thinks of a particular stock, there are a few things you can look for. One indicator of pessimism is what percentage of a stock's shares are currently being shorted.

If you know all about short selling, skip the next section. It's a primer for new investors. Instead, skip to "What are the biggest shorts?"

What is short selling?

If you are new to investing lingo, short selling, or shorting, a share is when you sell shares you don't own. How does that work? You borrow the shares through your brokerage firm for nothing and sell them on the open market, pocketing the cash. You will eventually have to buy the shares on the open market to give them back to your brokerage. Therefore, you are buying and selling, but in reverse. Why would you do this? You would do this if you think the stock is headed for a dive.

So, if you think a stock is due for a downturn, you can take advantage of the current high price by borrowing the stock and selling it. If you are right and the stock price drops, you can buy the stock more cheaply later, giving you a tidy profit. This is great when it works, but it's not so great when it doesn't work and you guess wrong.

So, when a stock is heavily shorted, it means many market players are pessimistic and are anticipating a drop in the stock price. There is no guarantee the conventional wisdom is right, but it's worth paying attention to.

What are the biggest shorts?

The two stocks with the biggest percentage of shorted shares right now are **Quebecor, Inc.** ([TSX:QBR.B](#)) and **Badger Daylighting Ltd.** (TSX:BAD). Quebecor currently has 30.3% of its outstanding shares shorted, so a lot of people feel this stock is going to start sliding. For some commentary on what might be behind this pessimism, see this Fool [article](#) from August.

Badger Daylighting currently has 26.7% of its outstanding shares shorted, so it's not far behind the number one spot. Some people don't think Badger Daylighting is a good buy right now. You can read that commentary [here](#).

Bottom line

Both stocks have had some bad news lately, so it's not a surprise to see them at the top of the short list. If you are inclined to agree with the pessimists, these stocks don't make good buys right now due to high prices. But again, there's no guarantee the conventional wisdom is right when it comes to stock investing.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. TSX:BDGI (Badger Infrastructure Solutions Ltd.)
2. TSX:QBR.B (Quebecor Inc.)

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