



Investors Are Bearish on These 3 Stocks

Description

A quick method to gauge investor sentiment is to look at short positions. Investors who go short on a position expect the company's share price to tumble. They are said to have a bearish view on the company.

What is short selling? It is to borrow shares, sell them, and expect to replace said shares you've borrowed at a lower price in the future. You would pocket the difference.

The number of shares shorted can be misleading, as it is largely dependent on shares outstanding. This varies widely across the index. Instead, I prefer to look at the largest percentage of shares on loan.

With this in mind, here are three most shorted stocks on the TSX.

An outperforming industrial

Topping the list is **Badger Daylighting Ltd.** (TSX:BAD) with 23.8% of shares on loan. This is a significant number — almost a quarter of its shares. The reason? Badger is a victim of [its own success](#).

The company, a first-mover in hydrovac trucks, has seen its share price climb approximately 19% year to date (YTD). The company is expecting decent growth, but it is no longer the value play it once was.

Analysts have also pointed to increased competition. As such, the company seems to have gotten a little ahead of itself.

A surging telecom

Quebecor Inc. ([TSX:QBR.B](#)) has over 20% of its shares on loan shorted. Much like Badger, Quebecor has been a stellar performer. YTD, its share price has returned 13.5%, far outpacing its larger peers in the sector.

Quebecor's recent price surge is [ahead of its future growth](#) prospects. Likewise, the company has issued \$150 million in convertible debentures to help fund the repurchase of Caisse's 18.5% stake in

the company.

An outperforming mineral company

Topping out the top three is **First Majestic Silver Corp.** ([TSX:FR](#))([NYSE:AG](#)) with 19.6% of its shares on loan shorted. Once again, the company has seen large gains as compared to its peers, returning approximately 10% YTD.

First Majestic recently completed its \$320 million acquisition of Primero Mining. The deal is expected to be accretive to net asset value, cash flow, and production. The company is currently trading approximately 5% above its one-year price target of \$9.38.

Due for a pullback?

Looking at a company's short position is one way to gauge investor sentiment. In the case of the three companies listed, they have all outperformed. As such, shorts are looking for the stocks to pull back after their most recent runs.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:AG (First Majestic Silver)
2. TSX:BDGI (Badger Infrastructure Solutions Ltd.)
3. TSX:FR (First Majestic Silver)
4. TSX:QBR.B (Quebecor Inc.)

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