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China-HK Dual-Listed Stocks See Higher Short Ratio: Shenton

By Charlotte Yang

(Bloomberg) -- Chinese companies that are dual-listed in the mainland and Hong Kong are subject to more short-selling compared to solely HK-listed stocks, reflecting investor demand for hedging, according to Shenton Research.

- "A-shares are hard to short, so investors hedging mainland exposure tend to do it through the Hong Kong listing, and some of this activity is likely to be hedging," according to Ke Yan, the firm's head of research
- Dual-listed stocks have a proportionally higher short-selling ratio; About 3% of their Hong Kong market value is sold short, roughly double the level for H-only stocks
- Innolight, Yangtze Optical, Fuyao Glass and Conch Cement are among the leading names that saw recent increase in short selling activity
- Overall, Hong Kong stocks short position totaled about HK\$1.06 trillion, or 1.87% of the value of the stocks involved; That's up from 1.43% at the start of the year and largely stabilized since June
- HK's short-selling turnover has reached 25% of the total volume traded on Hong Kong's mainboard on Friday, the highest in two years, though the higher ratio mainly reflects thinner liquidity

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