

2008

Which Shorts Are Informed?

Ekkehart Boehmer

Charles M. Jones

Xiaoyan Zhang

Abstract

We construct a long daily panel of short sales using proprietary NYSE order data. From 2000 to 2004, shorting accounts for more than 12.9% of NYSE volume, suggesting that shorting constraints are not widespread. As a group, these short sellers are well informed. Heavily shorted stocks underperform lightly shorted stocks by a risk-adjusted average of 1.16% over the following 20 trading days (15.6% annualized). Institutional nonprogram short sales are the most informative; stocks heavily shorted by institutions underperform by 1.43% the next month (19.6% annualized). The results indicate that, on average, short sellers are important contributors to efficient stock prices.

To view this article in its entirety please use the link provided below.

[View Full Article](#)

Recommended Citation

Boehmer, Ekkehart, Charles M. Jones, and Xiaoyan Zhang. "Which Shorts Are Informed?" *The Journal of Finance* 63, no. 2 (2008): 491-527.