

Why The Hut Group is wrong about the short-sellers

There is a long, ignoble and quite funny history to big company bosses moaning about short-selling.

Back in 2006 Enron chairman Ken Lay blamed the collapse of the now notorious energy trader on those evil investors who dared to bet his shares would drop.

In 2008 [HBOS](#) said the shorts were undermining the bank by claiming it was going bust. It was and it did. The City watchdog, then the [FSA](#), abandoned a brief inquiry into claims [traders](#) had profited illegally from shorting the stock, owing to lack of evidence.

In 2019 as Wirecard was feeling the heat from some brilliant FT journalism, the German company and indeed the regulator decided the paper's reporting was part of a dastardly plot with the shorts to undermine a national champion. Like the others, Wirecard went bust because it was bust, not because of share trades.

And now here comes Matt Moulding of [The Hut Group](#), who believes his firm is the victim of a vicious short attack, with the media, hedge funds and investment banks all conspiring against him.

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THG is not Enron and there is no reason not to wish it well. But it's life so far on the stock market has been desperately unhappy and it probably does not belong there.

A better stance from Moulding would surely be to say that the short-sellers are perfectly entitled to their opinion, but that he is sure they are wrong.

In the meantime, well the shares are now at bargain basement prices and he is buying them at pace and in great magnitude, he could say.

The thing about short-selling is that most people who do it lose. It's not some easy route to riches, it is risky stuff.

If you had shorted the FTSE 100 every year since its inception in 1984 at 1000 points you would now be, erm, bust about 100 times over.

The point of the shorts is to keep the market honest, to offer red flags that may prove helpful to everyone else, or may not.

Moaning about them suggests you don't get the stock market and would be better off away from it.