



Call Positions Build in Immunomedics for 2H19o Rally

Ticker/Price: IMMU (\$14)

Analysis:

Immunomedic (IMMU) shares opened higher after reporting results but now trading 3% lower near multi-week lows, a name that has seen unusual activity this week including 3,500 January \$15/\$19 call spreads bought, 2,000 January \$22 calls bought, 2,000 August \$17 and \$20 calls bought, and 3,000 November \$20 calls bought. In the update it noted the agreement with Janseen to co-promote Balvera and its Phase 3 TROPICS-02 study launched in HR+/HER2 metastatic breast cancer. The CEO also noted " Significantly, we have received clarity from the FDA on the CRL and plan to resubmit the BLA in early fourth quarter of 2019." On the long term chart IMMU shares have retraced 50% of the big move in 2017-2018. The \$2.9B Biotech did not earn any revenues in the latest quarter, but has collaborations with Clovis (CLVS), AstraZeneca (AZN) and others. Analysts have an average target of \$25 and short interest now 31% of the float has risen sharply since Q4. HC Wainwright was out positive on 4-30 with a \$29 target noting the favorable licensing agreement with China's Everest Medicines to enable IMMU-132 to enter those markets quicker. Piper is Overweight with a \$20 target and also sees the recent licensing terms as very favorable. Berenberg started coverage in late March at Buy with a \$40 target. Hedge Fund ownership fell 2% in Q4 filings, Boxer Capital taking a notable new position.

Hawk Vision:



Trading Strategy: IMMU with a high and surging short float keeps me skeptical and if looking to own it would pair it with puts for protection.

Confidence Ranking: \$\$