



## Bulls Position for Sage Therapeutic Data into Weakness

Ticker/Price: SAGE (\$150.7)

### Analysis:

**Sage Therapeutics (SAGE)** with 1,000 November \$160 calls opening \$9.50 on Monday afternoon, and has 1,866 of the November \$180 calls in open interest as well as November \$175 and \$160 short puts in open interest for 1000X each. Last week a spread sold 800 January \$200 calls to buy the \$150/\$110 put spread in a likely collar on a stock position. SAGE shares have sold off the past week and closed below the 200 day MA yesterday, though \$146 is a key volume profile support bar to watch for a reversal candle. The \$8B Biotech is expecting revenues to start ramping in FY20 with estimates of \$111M and \$410M seen for FY21. SAGE will next report on 11-5 and presents at the CSFB Healthcare Conference on 11-11. It recently presented Phase 2 SAGE-217 data in the NEJM and coming off a strong quarter that exceeded estimates with key upcoming readouts including SAGE-718 Phase 1 in Huntington's in 2H19, and SAGE217 MDD Phase 3 MOUNTAIN, RAINFOREST, and SHORELINE studies in Q419 and 2020. Analysts have an average target of \$200 on shares and short interest at 15% of the float has been rising to a new three-year high. Piper with a \$206 target sees SAGE-217 as transformative as a new drug for mood disorders with key Phase 3 data due by Q1 2020, and robust data so far gives high conviction. Wedbush started shares Outperform in May with a \$207 target. Hedge Fund ownership fell 28.3% in Q2 filings. SAGE has been seen as a potential M&A target for Biogen (BIIB) which saw November upside call spreads open yesterday.

### Hawk Vision:



**Hawk's Perspective:** SAGE price-action and rising short interest combo is concerning, have to see if \$146 holds as a reversal and purely an event-driven play for SAGE-217 data over the next 6 months.

**Confidence Ranking:** \$\$