



CRISPR Therapeutics Seen Rallying in Q2

Ticker/Price: CRSP (\$53)

Analysis:

Crispr Therapeutics (CRSP) with 2,000 April \$55 calls bought yesterday afternoon for \$4.40 to \$4.60, IV jumpy into the final hour. CRSP still has 1,000 April \$70 calls in OI from a big buy in December around \$7.20. CRSP with a sharp run in the Fall and pulling back to the rising 200-MA where it has formed a small base. A move out of this downtrend above \$56 has room back to \$66 and a VPOC from December. CRSP has a big weekly double-top at \$74 and a breakout targets \$100. The \$2.88B biotech trades 10X sales and 3X cash with limited debt. CRSP is focused on a transformative gene editing procedure known as CRISPR (“Clustered Regularly Interspaced Short Palindromic Repeats”). CRISPR is a genome editing tool by which Cas proteins enter the body and recognize and eliminate problematic DNA. It differs slightly from other gene editing procedures as it only focuses on one mutated bit of gene. CRSP was founded by one of several scientists involved with the initial creation of the process and they’ve developed partnerships with several names to develop gene editing therapies. CRSP has been working with Vertex (VRTX) recently on CTX001 for the treatment of severe blood disorders like transfusion-dependent beta thalassemia and sickle cell. They are also working on their own wholly owned CAR-T program with data expected this Summer and an IND filing for their second CAR-T program expected by mid-year. Analysts have an average target for shares of \$77. Piper Sandler positive on 1-6, a Top Pick, noting that “While early, CTX001 could prove curative for severe patients.” They have a \$104 PT for shares. Stifel started coverage at Hold on 3-4 with a \$52 PT. The firm thinks while the Ca9 tech has the potential to form the basis of a broad, multi-product platform its unclear how investor sentiment will evolve as other companies are also using the tech. Short interest is 4.7% and down steadily from around 9.6% in December. Hedge fund ownership rose 25% in Q4. Vertex (VRTX) owns an equity stake of more than 5M shares. Bayer has a 7.2% stake in the company and sold some in January.

Hawk Vision:



Hawk’s Perspective: CRSP is a nice pattern I am eyeing with the orderly channel back to its 200 MA and building notable open interest. A move above the 50 day MA would trigger a buy signal.

Confidence Ranking: \$\$