



## Bluebird Bio Calls Heat Up on Base Breakout

Ticker/Price: BLUE (\$60)

### Analysis:

**Bluebird Bio (BLUE)** buyers active early for more than 775 November \$75 calls up to \$8.15 and now paying \$8.70 with the stock up over 7.5%. The June \$70 calls are also active with 1200 trading up to \$3.90 where buyers had previously opened 1,340 and the May \$60 calls also with 500 bought. BLUE has 1000 January \$50 short puts in OI from February as well. BLUE has been a laggard in the space but basing nicely since March and consolidating in a small flag above its rising 8, 20-, and 50-MA this week with earnings next week. A move above \$62.50 has a quick gap to \$70 and then sets up for a run back to the 200-MA at \$85 and a major downtrend break. The \$3.24B company trades 2.93X cash with limited debt and the early stages of commercialization with revenues expected to ramp from \$40M to \$370M by FY22 as Zynteglo rolls out. The treatment is expected to have peak sales around \$1.2B. The company filed in late March with Bristol (BMY) for bb2121 in multiple myeloma and they have a deep pipeline of next-gen products in development in sickle cell, CCALD, beta-thalassemia, and more. BLUE disappointed recently after pushing back their expected BLA filing for LentiGlobin in TDT back to 2021 after being widely expected in Q2 of 2020 due to a disagreement with the FDA and any update on moving forward would be a positive catalyst. Analysts have an average target for shares of \$120. BMO with a \$107 PT and Stifel upgrading to Buy recently noting that while the story is not perfect, BLUE's opportunity in sickle cell disease and multiple myeloma is undervalued. Short interest is 13.6% and down from 16% in November. Hedge fund ownership rose 1.22% in Q4. Sands Capital, Casdin, and Peregrine Capital notable holders.

### Hawk Vision:



**Hawk's Perspective:** BLUE caught my eye early this morning with June calls and continues to act great here, a gene therapy story that has been quiet but has some clear value here.

**Confidence Ranking:** \$\$