



## FEATURED OPTIONS RADAR REPORT



### Aurinia Bull Spread Sees Little Downside, Strong Upside

Ticker/Price: AUPH (\$15)

#### Analysis:

**Aurinia Pharma (AUPH)** big spread on Monday afternoon bought 6,000 January \$20/\$30 call spreads and sold the \$15/\$13 bull put spread to open. AUPH has over 5,000 January \$20 calls in OI already from buyers in mid-June. Shares have been quiet lately and pulling back to the 200-MA where they found support last Friday. A move above \$15.50 and out of the recent downtrend has room to extend back to \$18 and then ultimately the December 2019 peak around \$22. The weekly setup is explosive with RSI and MACD both setup well. The \$1.7B biotech jumped in December after positive Phase 3 data for their lead drug voclosporin for the treatment of lupus nephritis. The treatment is on track to be the first FDA-approved treatment for LN with patent protection through 2037. AUPH is preparing for commercial launch in early 2021. Voclosporin fills a significant need for LN patients with better control of the disease with less impact from steroids. The drug is being explored in other indications as well like dry eye and VOS and the broad appeal of the drug makes AUPH an attractive M&A target, especially with peak sales estimates of \$2.2B by 2026. They have \$286M in cash on hand. Analysts have an average target for shares of \$23.75. BTIG started at Buy on 6-16 with a \$20 PT, positive on the profile of voclosporin. Jefferies starting coverage at Buy in January as AUPH has an "appealing" opportunity ahead in lupus nephritis and that voclosporin's potential in focal segmental glomerulosclerosis and dry eye syndrome is now more de-risked. Short interest is 6.14% and relatively subdued. Hedge fund ownership rose 3.66%. Point72, Kingdon Capital, and Healthcor all notable buyers.

#### Hawk Vision:



**Hawk's Perspective:** AUPH has a nice \$14.30 recent low to trade against the 200 MA nearby, and watch for a trend breakout.

**Confidence Ranking:** \$\$