



FEATURED OPTIONS RADAR REPORT



Bull Spread Positions for Upside in BioXcel in Early 2021

Ticker/Price: BTAI (\$42.50)

Analysis:

BioXcel Therapeutics (BTAI) interesting spread today bought 1,500 May \$60 calls for \$9.50 and sold the February \$70 calls for \$4.10 to open, by far the largest trade in the name currently and running 4X average volume. BTAI has been a strong trending name in 2020 and up over 200% since January. Shares are currently basing just below YTD VPOC at \$50 and a run higher targets the July peak around \$70. The rising 200-day is just below and potential support around \$34.50. The \$987M biotech trades 15X cash and coming off of positive Phase 3 data for their lead product BXCL501, a treatment they're developing for acute agitation associated with CNS conditions like schizophrenia and bipolar. The rapid onset film – placed under the tongue of the patient – showed durable reductions in agitation and a strong safety profile. BTAI sees a big opportunity in the space with near 10M patients per year experiencing similar conditions. BTAI developed the drug using their unique AI-driven drug discovery platform which helps identify more efficient, predictable, and cost-effective paths to trials. They have programs in dementia as well as a small immunology program looking at prostate cancer, hot tumors, and pancreatic cancer. Short interest is 9.6% and up from around 4% in July. Hedge fund ownership rose 20% in Q2. Driehaus Capital a notable holder. Analysts have an average target for shares of \$95.50 with HC Wainwright a Street High \$175. Jefferies starting coverage on 9/2 with a Buy and \$82 PT seeing a \$1B revenue opportunity in schizophrenia/bipolar while dementia is likely the company's biggest opportunity at revenue of about \$1.4B. BTAI expects to file an NDA in Q1 2021 for the drug.

Hawk Vision:



Hawk's Perspective: BTAI is purely catalyst driven at this stage, an intriguing company and worth watching for a move back above its 55 MA.

Confidence Ranking: \$\$