



## This Little-Known Stock Increased Over 100% in 2019!

### Description

Among the most volatile sectors in the stock market is biotechnology. Still, investors who seek [huge profits](#) flock to the industry. This space also appeals to novice stock traders, some of whom were able to turn their few hundred dollars into six-figure earnings.

Biotech stocks present an incredible earning opportunity. Before investing, however, you must understand and accept the risks. A clinical-stage biopharmaceutical company with a tiny market capitalization can become a billion-dollar firm with the success of a single drug candidate.

### Rising from obscurity

Canadian biotech firm **Bellus Health** ([TSX:BLU](#)) is rising from obscurity. This little-known stock seems to have a revolutionary medicine that could finally cure a longstanding health disorder.

BLU-5937 is the drug that Bellus is developing for the treatment of chronic cough and chronic pruritus. The drug is a highly selective P2X3 inhibitor with the potential to treat patients suffering from either condition.

### Ups and downs

The business of developing novel therapies is very lucrative. If results from clinical trials are positive and the chances of approval by Health Canada's HPFB are high, you can expect the biotech stock to break out. A delay in obtaining approval for a drug or disappointing results from clinical trials could trigger a tumble, however.

Bellus is on track for a breakthrough, which could send the stock soaring. The gain so far this year is 144%, and if BLU-5937 were to obtain HPFB approval, analysts are forecasting a potential upside of 489%.

Keep in mind, however, that it's not all upside for Bellus during the year. The stock gains whenever

clinical trials show promising results. Bellus climbed to as high as \$11.88 on August 1, but is down to its current price of \$8.98 or a decline of 24.4%.

## Positive indications

Signs remain positive for BLU-5937. Last June, the efficacy of the P2X3 inhibitor was highlighted in the phase III trial of **Merck's** chronic cough gefapixant project. The pharmaceutical giant's gefapixant shares its mechanism of action with Bellus's BLU-5937.

Bellus also has the funds to meet its working capital needs and pursue its research and developments on the drug. The Canadian biotech firm was able to raise \$60 million after cross-listing on the Nasdaq last September.

The company enrolled its first patient in an ongoing Phase 2 clinical trial of BLU-5937 for the treatment of refractory chronic. Bellus expects to announce the top-line data in mid-2020. The phase 2 initiation of chronic pruritus will commence in 2020.

In addition, Bellus has exclusive worldwide development and commercialization rights to BLU-5937 in all major pharmaceutical markets until 2034. The markets are in the U.S., Europe, China, and Japan.

## A blockbuster drug in waiting

Like most development-stage biopharma, Bellus has a small amount of revenue. The windfall usually comes after the approval and commercial launch of a lead drug candidate.

As of 2017, the cough suppressant drug market is worth US\$1.1 billion and is projected to grow at 3.7% CAGR between now and 2026. Bellus's BLU-5937 has the makings of [a blockbuster drug](#) that could alleviate the hardships of patients that has long been suffering from chronic cough and chronic pruritus.

It's a waiting game from here on, although Bellus can potentially reward prospective investors with a fortune.

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