

Engineered Income Investing: Exclusive Premium Research

AMT: Strategies For Those Wanting To Establish Entry Or Add To Positions

Jan 5, 2021 11:00pm | : AMT



Some of our group asked about current AMT ideas, so I have opened the new year with a summary of my personal view of the current situation and 2 new ideas for AMT.

AMT appears on the technical chart to have formed a bottom and shares have been in a consolidation or slowly rising channel for the past 3 weeks. The underlying reasons for the overall weakness in share prices since Mid-September breakdown of the mid May to September consolidation (denoted in yellow channel boundaries) continue to be present. These are mostly the slowing of growth, especially the 5G rollout, due to the Covid19 economy and lock down issues.

Shares are now trading at 20% below the current YDP fair value of \$276.57. It is quite possible shares will sag again if a recession is triggered by the new covid wave lock downs. However, the lock-downs are generally more nuanced this

time rather than universal and we are not seeing the extreme supply chain disruptions that drove the prior recession.



Current Covered Option Writing Ideas:

An entry price at this time is a clear bargain relative to YDP fair value. You may want to **consider writing the near the 45 day cash secured at the money puts using the contracts for 2/19/21 \$220.00 @ \$7.25. This provides a 27.64% annualized yield rate on the net covering cash of \$212.75. It offers a bit of added downside protection at that break-even point, about a 50/50 chance of presentation and entry to holding shares at this bargain value price, and provides for shares to have to rise beyond the \$228 level before any lost opportunity intrinsic gains are logged. Meanwhile it reduces the market risk instead of increasing it and the opportunity to adjust strategy before the next ex-dividend date in late March arrives.**

AN alternative could be to consider a buy-write at \$220.70 market with concurrent write of the covered call leg using 73 day calls for 3/19/21 \$240.00 @ \$3.35 premium for a net debit cost of \$217.35. This provides an annualized yield rate of 7.71%. Combined with the 2.19% dividend yield, total annual rate then

would be 9.9%. If called away before the March ex-dividend, the dividend harvest is missed but an additional intrinsic gain of \$19.30 (8.8% absolute gain) is added the premium yield for this short holding period and new strategies can be considered in such at event at that time.

AMT	AMERICAN TOWER CORP COM USD0.01	220.71	21.31 +9.51%	B: 218.20 A: 222.29	ETB	NYSE	MM ±0.888
Underlying							
	Last X	Net Chng	Bid X	Ask X	Size	Volume	Open High Low
	220.71 N	+1.11	218.20 P	222.29 P	Engineered Income Investing:		220.12 222.60 219.09
Trade Grid							
Exclusive Research							
Option Chain Sides: Both Exp. types: Regular Deliverables: Regular Spread: Single Layout: Volume, Mark, Last X, Open Interest, Co...							
CALLS							
	Volume	Mark	Last X	Open...	Cov R...	Bid X	Ask X
15 JAN 21	(10)	100					
0	7.700	8.28 I	30	29.94%	7.30 X	8.10 Q	
30	5.900	7.00 H	62	40.47%	5.70 X	6.10 X	
42	4.350	4.35 Z	836	54.76%	4.20 A	4.50 Q	
15	3.125	3.20 M	60	47.01%	2.95 B	3.30 X	
24	2.125	2.18 X	266	31.97%	2.05 B	2.20 X	
64	1.400	1.60 C	47	21.06%	1.30 B	1.50 Q	
19 FEB 21	(45)	100					
6	22.500	23.20 Z	18	6.44%	22.00 X	23.00 A	
2	15.000	15.53 C	18	15.43%	14.50 X	15.50 X	
3	9.100	8.80 C	144	30.18%	8.20 X	10.00 A	
43	3.850	3.90 N	164	13.85%	3.40 X	4.30 B	
482	1.550	1.75 Q	244	5.58%	1.45 X	1.65 X	
446	.450	.60 N	60	1.62%	.30 X	.60 Q	
19 MAR 21	(73)	100					
0	24.800	30.00 X	40	9.15%	24.40 B	25.20 B	
0	17.850	17.30 Q	54	15.97%	17.10 X	18.60 X	
20	11.250	11.20 N	282	23.57%	11.00 B	11.50 B	
28	6.650	6.80 X	487	14.87%	6.50 B	6.80 X	
15	3.550	3.70 D	1,365	7.94%	3.40 B	3.70 X	
20	1.750	1.91 I	781	3.91%	1.65 B	1.85 X	
16 APR 21	(101)	100					
0	26.400	27.00 C	110	9.23%	25.70 X	27.10 X	
1	18.800	19.00 C	125	13.13%	18.30 B	19.30 X	

Closing Thoughts:

Happy new year to all. I look forward to another successful EII year as we settle into our new home here. My administrative assistant (my very capable niece, Samantha (vitaobscura in the chat room) is setting up a website for housing our reports and other useful material. She is the one that has made this transition to EII's new home so easy. We all owe her a giant thanks for this.

As always, I am available for any questions or discussion you would like to open.

Stay safe and well. I will be arriving back in Tampa from Brazil on February 19th and remaining in the States until mid-May. My plan is to start out with getting the vaccine. Since it is a 2 shot process, I guess I will be sticking to the Tampa general area at least 3 weeks to get the 2nd dose. Beyond that, I have not made plans for whether I remain in the Tampa area or do some traveling in the States.

My final couple of weeks will again be in Tampa, as my departure city I am ticketed from.

My departure from Seeking Alpha closes what has been my primary market funnel for new subscribers. So, please think about anyone you know at work, family, or elsewhere that you might recommend the service to. January is free for anyone interested and I think I will may a free trial month my standard policy for new subscribers so they get a fuller feel for what we do.

Thanks,
Richard