

Intrinsic Value Weekly

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ECONOMIC SECTOR VALUATION

<u>SECTORS</u>	<u>S&P 500</u>	<u>S&P MIDCAP</u>	<u>S&P SMALL CAP</u>
BASIC INDUSTRY	26.6%	(13.9%)	0.7%
CONSUMER CYCLICALS	(7.5%)	(2.7%)	1.0%
CONSUMER STAPLES	3.2%	(1.5%)	8.7%
HEALTH	(23.5%)	(10.2%)	(23.0%)
ENERGY	21.3%	26.3%	21.2%
FINANCIAL	0.6%	(11.8%)	(16.0%)
CAPITAL GOODS	25.3%	9.0%	5.9%
TECHNOLOGY	16.6%	26.0%	18.7%
COMMUNICATIONS	21.5%	31.7% *	17.3% *
UTILITY	(8.1%)	(18.5%)	3.1%
TRANSPORTATION	(5.6%)	(19.8%)	(18.5%)
Weighted Total:	6.9%	2.5%	1.2%

RED - Overvalued

BLUE - (Undervalued)

WEEKLY PRICE CHANGE

<u>SECTORS</u>	<u>S&P 500</u>		<u>S&P MIDCAP</u>		<u>S&P SMALL CAP</u>	
	Weight	Price	Weight	Price	Weight	Price
prices as of 7/16/1999	% of Total	% Change	% of Total	% Change	% of Total	% Change
BASIC INDUSTRY	3.3%	(2.0%)	5.2%	(4.2%)	4.3%	0.7%
CONSUMER CYCLICALS	9.2%	(1.1%)	16.1%	(6.0%)	20.2%	0.8%
CONSUMER STAPLES	12.6%	1.2%	8.5%	1.0%	9.7%	2.0%
HEALTH	10.7%	1.4%	9.4%	3.5%	9.1%	3.2%
ENERGY	6.0%	0.3%	4.4%	0.8%	3.4%	1.6%
FINANCIAL	14.6%	(1.3%)	12.3%	(0.3%)	14.7%	0.9%
CAPITAL GOODS	8.3%	0.7%	9.3%	2.7%	12.8%	4.0%
TECHNOLOGY	22.9%	2.7%	22.7%	4.6%	18.0%	2.1%
COMMUNICATIONS	8.6%	(0.4%)	1.1%	3.7% *	0.5%	5.6% *
UTILITY	2.8%	(0.7%)	9.4%	0.4%	4.6%	1.8%
TRANSPORTATION	0.9%	(0.3%)	1.5%	0.5%	2.8%	1.6%
Index Total:		1.1%		1.5%		1.7%

* Sector contains only 3 companies

Weekly price changes may not match prior issues due to changes in composition of sectors.

Sector Comments Small stocks regained their dominance last week, but the seeming link between Small Cap stocks and Basic and Energy strength was broken for the first time in a while. Further, Health stocks rebounded, but they have a long way to go before reaching fair value.

Overall, the three markets are now all over-priced, though on average not by much. Under-priced groups like Utility, Transportation and Small and Mid Cap Financials, as well as Health, are offset by serious over-pricing in Capital Goods, Technology, Communications and Energy stocks. Speculative elements about commodity prices seem to dominate the valuation of both Large Basic stocks and Energy stocks. As we've mentioned before, in a monetary policy regime that focuses on maintaining the purchasing power of money, prices of goods can fluctuate a lot, particularly commodity prices. But extrapolating price trends in such an environment is dangerous as an investment strategy and should not be incorporated into valuations. And we don't. If you must own Basic's, own selected Mid Cap or Small Cap Basic stocks. Today's Page 3 Data Table looks at the fundamentals for Small and Mid Cap Basics. It's important to remember also the size of these markets. The table below lists total market capitalization for each size market.

(\$Billions)	<u>Large Capitalization</u>	<u>Mid Cap Capitalization</u>	<u>Small Cap Capitalization</u>
	\$11,413,650	\$934,386	\$362,187

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Intrinsic Value Portfolio

Current Data on stocks with Current Intrinsic Value Reports

Symbol	Name	Updated Valuation	Price 7/16/1999	Intrinsic Value	Over/ (Under) Priced	Q Ratio	Weekly Price Change	
ALD	AlliedSignal Inc.	4/29/99	\$ 67.688	\$64.60	4.8%	2.6	2.8%	
CTL	Century Telephone Ent.	3/1/99	\$ 41.125	\$42.51	(3.3%)	1.8	4.1%	
DAL	Delta Air Lines, Inc.	3/1/99	\$ 59.063	\$66.79	(11.6%)	1.0	(0.7%)	
G	Gillette Company	5/24/99	\$ 47.250	\$48.52	(2.6%)	4.9	9.6%	
HD	Home Depot	3/1/99	\$ 69.625	\$53.65	29.8%	6.6	5.8%	
INTC	Intel Corporation	3/1/99	\$ 67.125	\$59.17	13.4%	7.7	1.3%	
LOW	Lowes Companies	3/1/99	\$ 59.375	\$52.28	13.6%	4.2	0.7%	
MLHR	Herman Miller, Inc.	3/1/99	\$ 24.188	\$46.27	(47.7%)	3.2	0.5%	
NYT	New York Times Co.	3/1/99	\$ 40.188	\$48.21	(16.6%)	2.6	1.3%	
NUE	Nucor Corporation	3/1/99	\$ 48.688	\$57.99	(16.0%)	1.6	(3.1%)	
PFE	Pfizer, Inc.	5/31/99	\$ 37.813	\$42.73	(11.5%)	11.0	2.2%	
SLB	Schlumberger Limited	3/1/99	\$ 63.625	\$51.09	24.5%	2.7	(1.1%)	
WEN	Wendy's International	3/1/99	\$ 30.625	\$29.86	2.6%	2.1	2.3%	
					Average:	(1.6%)	Average:	2.0%
							S&P 500	1.1%

Bold - Outperformed the S&P 500 for the week

Value Drivers

Standard Market Statistics

Symbol	Sales Growth		Free Cash Flow		Yield	PE Last 12M	Price/Book	Price/Sales
	Last 12M	EBIT Margin %	ROC	Annuity				
ALD	-0.4%	13.0%	11.5%	\$44.1	1.0%	24.7	6.6	2.4
CTL	50.8%	30.4%	10.9%	\$50.7	0.4%	23.6	3.6	3.4
DAL	4.3%	12.0%	11.0%	\$65.6	0.2%	7.7	2.2	0.6
G	-1.5%	23.1%	18.5%	\$20.9	1.2%	45.6	9.6	4.6
HD	25.1%	8.8%	13.0%	-\$5.6	0.2%	53.7	10.9	3.0
INTC	14.7%	32.5%	25.8%	\$32.7	0.2%	26.9	8.4	7.0
LOW	20.5%	6.8%	11.0%	-\$14.0	0.2%	39.6	6.4	1.5
MLHR	2.8%	12.1%	24.0%	\$44.3	0.6%	12.4	7.9	1.1
NYT	2.0%	17.5%	11.9%	\$27.6	1.0%	23.6	4.4	2.3
NUE	-9.4%	9.9%	12.6%	\$69.7	1.1%	18.4	2.0	1.1
PFE	30.2%	27.0%	20.8%	\$27.3	0.8%	61.6	16.0	9.5
SLB	-8.8%	14.7%	11.9%	\$38.8	1.2%	47.9	4.3	3.1
WEN	-3.2%	12.6%	9.7%	\$54.4	0.8%	27.4	3.3	1.9

Notes on Intrinsic Value Portfolio

The portfolio outperformed again this past week, with 8 better and 5 worse than the S&P 500. **G** has rebounded close to fair value. Now that the bad news is behind the company, investors (belatedly in our view) are now looking forward to the company's stated forecast of "back on track" revenue and earnings for the second half of 1999. **NYT**, with a great quarter has moved about half way to fair value (from our original recommendation price) The company's announcement of management changes was clearly focused on boosting revenue growth within a continuing cost control and stock repurchase strategy. **DAL** is depressed now with investors expecting revenue and earnings in line with industry trends. The announcement of earnings today shows the company's superior management, with fuel cost hedging helping and the lowest cost per available seat-mile showing through.

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Basic Industry - Small and Mid Cap's are the place to look.

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Company Name	Ticker	Market Value - Equity	Last 12MM Sales Growth	Current Price	Free Cash Flow Annuity	NOPAT Margin	PE Ratio	Price/Book Ratio	Price/Cash Flow per share	Return on Capital	Dividend Yield
AIRGAS INC	ARG	\$808	7.8%	11.4	@CF	6.2	16.6	1.8	5.8	5.72	0.0%
AK STEEL HOLDING CORP	AKS	\$1,313	3.7%	24.1	(31.25)	5.5	13.2	1.4	6.7	4.87	2.1%
ALBEMARLE CORP	ALB	\$941	-3.8%	20.0	31.49	10.6	13.5	2.4	5.9	9.51	2.0%
BIRMINGHAM STEEL CORP	BIR	\$163	-11.1%	5.5	(38.59)	0.2	(5.2)	0.3	2.9	0.21	1.8%
BOWATER INC	BOW	\$2,675	43.7%	51.6	(598.86)	8.9	41.2	1.4	12.7	4.85	1.6%
BUCKEYE TECHNOLOGIES INC BKI	BKI	\$582	0.1%	16.4	50.70	19.5	10.8	3.6	6.6	18.31	0.0%
CABOT CORP	CBT	\$1,660	-5.4%	25.0	72.85	10.9	13.7	2.4	7.3	10.28	1.8%
CAMBREX CORP	CBM	\$736	17.4%	27.6	11.52	11.9	16.0	2.5	10.4	10.26	0.4%
CARAUSTAR INDUSTRIES INC	CSAR	\$667	8.7%	26.8	13.73	9.8	12.4	2.6	7.3	12.60	2.7%
CARPENTER TECHNOLOGY	CRS	\$636	-4.7%	29.0	@CF	13.7	12.8	1.0	4.7	10.76	4.6%
CASTLE (A M) & CO	CAS	\$237	-8.3%	16.9	@CF	3.2	21.8	1.7	8.8	5.99	4.6%
CHEMFIRST INC	CEM	\$453	@SF	24.8	21.93	7.8	23.6	1.6	9.4	5.36	0.4%
CHESAPEAKE CORP	CSK	\$733	3.1%	34.1	42.49	5.8	23.3	1.8	7.6	5.88	2.6%
CLEVELAND-CLIFFS INC	CLF	\$382	7.9%	34.1	@CF	20.9	6.1	0.8	5.8	16.15	4.4%
COEUR D'ALENE MINES CORP	CDE	\$90	-26.6%	4.1	71.53	(235.3)	(0.5)	1.4	(0.4)	(48.36)	0.0%
COMMERCIAL METALS	CMC	\$466	-0.5%	32.5	(48.51)	2.3	9.2	1.1	5.3	7.48	1.6%
COMMONWEALTH INDUSTRIES CMIN	CMIN	\$258	-10.3%	16.2	46.63	0.8	(416.7)	0.6	7.8	1.40	1.2%
CONSOLIDATED PAPERS INC	CDP	\$2,618	-3.8%	29.0	11.41	14.1	39.9	1.8	9.1	8.05	3.0%
CORN PRODUCTS INTL INC	CPO	\$1,233	6.1%	33.0	(114.11)	4.7	21.9	1.1	9.0	3.60	1.0%
CROMPTON & KNOWLES CORP	CNK	\$1,322	-7.5%	20.1	@CF	10.6	6.7	20.5	5.7	16.03	0.2%
CYTEC INDUSTRIES INC	CYT	\$1,198	1.6%	28.0	39.49	11.1	11.9	3.2	6.0	9.50	0.0%
DELTA & PINE LAND CO	DLP	\$1,146	@SF	29.8	(0.14)	13.1	(1,575.0)	16.7	134.0	20.38	0.4%
DEXTER CORP	DEX	\$931	-5.3%	40.4	(162.24)	6.8	11.2	2.4	13.4	7.56	2.6%
DIMON INC	DMN	\$239	-14.8%	5.4	66.82	4.3	(6.1)	0.5	2.8	5.64	3.7%
ETHYL CORP	EY	\$501	-7.0%	6.0	50.48	9.9	6.9	2.7	3.7	10.53	4.2%
FERRO CORP	FOE	\$924	-1.8%	26.4	@CF	9.7	15.0	4.2	8.3	22.05	2.0%
FLORIDA ROCK INDS	FRK	\$797	17.6%	42.4	18.31	9.6	19.5	2.9	11.1	12.60	0.6%
FULLER (H. B.) CO	FULL	\$983	3.3%	70.1	(28.55)	5.1	57.9	2.8	16.8	7.85	1.2%
GEON COMPANY	GON	\$788	1.0%	33.5	@CF	2.9	38.9	3.5	10.9	3.72	1.5%
GEORGIA GULF CORP	GGC	\$464	-13.5%	15.0	44.14	13.5	12.6	18.0	4.5	15.35	2.1%
GEORGIA-PACIFIC TIMBER CO TGP	TGP	\$2,149	-5.5%	25.3	65.35	68.2	13.0	(25.9)	9.9	31.02	4.0%
GLATFELTER (P H) CO	GLT	\$669	9.6%	15.9	@CF	11.2	21.2	1.8	8.0	9.02	4.4%
HANNA (M A) CO	MAH	\$788	0.5%	15.9	(30.27)	2.8	32.2	1.5	8.7	5.14	3.0%
HECLA MINING CO	HL	\$111	-0.5%	2.0	1.59	(2.5)	(9.8)	3.3	4.9	(1.93)	0.0%
IMC GLOBAL INC	IGL	\$2,002	-2.5%	17.5	@CF	15.7	25.6	1.1	6.5	7.39	1.8%
IMCO RECYCLING INC	IMR	\$270	60.5%	16.4	@CF	7.0	14.3	1.5	7.0	11.75	1.5%
LILLY INDS INC -CL A	LI	\$443	4.4%	19.1	42.56	11.4	13.2	2.6	10.9	16.92	1.7%
LONE STAR INDUSTRIES	LCE	\$747	0.4%	38.2	88.89	25.5	9.8	2.3	7.8	17.69	0.5%
LONGVIEW FIBRE CO	LFB	\$879	-3.4%	17.0	16.01	3.8	86.8	1.9	10.2	2.40	1.9%
LUBRIZOL CORP	LZ	\$1,613	-1.2%	29.6	@CF	6.6	18.7	1.9	10.2	6.87	3.5%
LYONDELL CHEMICAL CO	LYO	\$1,585	8.4%	20.6	(1,669.47)	21.3	(137.5)	2.8	9.4	5.97	4.4%
MACDERMID INC	MRD	\$1,081	21.8%	43.0	(92.10)	13.5	32.3	8.2	21.3	14.80	0.2%
MARTIN MARIETTA MATERIALS MLM	MLM	\$2,608	19.7%	55.9	@CF	12.4	22.7	4.1	12.2	9.96	0.9%
MATERIAL SCIENCES CORP	MSC	\$229	33.7%	14.9	82.43	4.7	18.3	1.6	5.7	5.90	0.0%
MAXXAM INC	MXM	\$432	-11.2%	61.8	(467.50)	4.1	4.7	(7.9)	5.2	2.55	0.0%
MCWHORTER TECHNOLOGIES MWT	MWT	\$166	14.8%	16.1	(87.51)	7.1	14.7	1.4	5.7	12.92	0.0%
MINERALS TECHNOLOGIES INC MTX	MTX	\$1,175	0.8%	54.5	@CF	15.2	21.2	2.5	10.8	13.91	0.2%

Source: Standard & Poors Corporation Compustat PC Plus®, Intrinsic Value Associates, LLC

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Basic Industry - Small and Mid Cap's are the place to look.

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Company Name	Ticker	Market Value - Equity	Last 12MM Sales Growth	Current Price	Free Cash Flow Annuity	NOPAT Margin	PE Ratio	Price/Book Ratio	Price/Capital	Return on Capital	Dividend Yield
MISSISSIPPI CHEMICAL CORP	GRO	\$268	-1.2%	10.3	(21.75)	4.3	17.5	0.6	4.6	2.73	3.9%
OLIN CORP	OLN	\$574	@SF	12.6	@CF	6.6	35.6	0.8	5.0	5.57	6.4%
OM GROUP INC	OMP	\$862	-3.5%	36.4	(112.22)	5.3	16.0	2.0	11.7	4.65	1.1%
OREGON STEEL MILLS INC	OS	\$319	16.2%	12.4	43.49	5.3	18.8	1.0	5.8	5.63	4.5%
PENFORD CORP	PENX	\$107	-5.8%	14.4	92.42	11.3	17.5	2.2	5.3	9.19	1.4%
POPE & TALBOT INC	POP	\$176	19.8%	13.1	(32.35)	(6.1)	(18.0)	1.0	27.3	(7.27)	3.4%
QUAKER CHEMICAL CORP	KWR	\$142	4.3%	16.0	14.59	9.2	13.3	1.7	8.9	17.24	4.7%
QUANEX CORP	NX	\$408	2.9%	28.6	147.62	7.2	(1,425.0)	1.5	10.5	10.37	2.2%
RAYONIER INC	RYN	\$1,418	-5.6%	51.0	73.10	9.9	23.1	2.2	8.6	5.90	2.4%
REPUBLIC GROUP INC	RGC	\$230	-0.7%	19.5	17.96	21.2	14.4	2.3	9.0	27.13	1.8%
RPM INC-OHIO	RPM	\$1,536	7.5%	13.9	@CF	6.6	16.1	2.5	9.6	7.29	3.4%
SCHULMAN (A.) INC	SHLM	\$612	-2.2%	19.6	22.37	4.8	11.7	1.6	9.3	9.96	2.5%
SHOREWOOD PACKAGING CO	SWD	\$497	32.9%	18.1	6.19	9.1	14.4	4.4	11.1	13.27	0.0%
SOLUTIA INC	SOI	\$2,221	-6.8%	19.9	67.32	13.5	11.7	(343.8)	5.7	17.59	0.2%
SONOCO PRODUCTS CO	SON	\$2,947	-13.7%	28.9	@CF	7.3	16.2	3.7	8.7	9.33	2.6%
SOUTHDOWN INC	SDW	\$2,484	8.3%	64.4	(46.27)	19.4	17.8	3.1	12.7	18.52	0.9%
STEEL TECHNOLOGIES	STTX	\$114	1.5%	10.3	@CF	5.9	9.9	0.9	5.3	10.14	1.2%
STILLWATER MINING CO		\$1,016	54.2%	26.9	(25.39)	21.9	43.1	7.4	55.8	8.97	0.0%
TEXAS INDUSTRIES INC	TXI	\$790	2.7%	37.6	(152.82)	10.9	8.6	1.5	4.8	12.24	0.8%
UCAR INTERNATIONAL INC	UCR	\$1,265	-18.0%	28.1	54.00	13.8	(23.6)	(4.0)	60.4	13.78	0.0%
UNIVERSAL CORP/VA	UVV	\$1,013	-3.1%	30.8	101.61	6.5	7.1	1.8	5.6	17.50	3.9%
WAUSAU-MOSINEE PAPER COI	WMO	\$913	39.9%	17.4	@CF	9.1	15.9	2.4	10.3	12.65	1.8%
WHX CORP	WHX	\$114	108.8%	6.8	(512.37)	2.3	(5.4)	0.8	0.9	1.92	0.0%
WITCO CORP	WIT	\$1,099	-9.9%	19.1	@CF	6.4	24.1	1.7	6.3	5.90	5.9%

@AF - Annual Figure

@NA - Not available

@CF - Combined Figure

@SF - SemiAnnual Figure

Blue - Favorable Drivers

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