



"Bad news travels at the speed of light; good news travels like molasses."

Tracy Morgan

I've got some good news and some bad news. Which one do you want first?

**Okay, first the bad news.** Increases in technology in the US & OPEC (or mostly Saudi Arabia)'s refusal to cut production caused an oversupply of oil that resulted in dramatically falling crude oil prices. A roughly 40% drop in crude in less than six months causes a great deal of pain for many energy companies. Given the size of this shock, the market in general is following suit with broad stock market indexes falling around 3.8% in the first two weeks of December.

**Now, the good news.** Many more people and businesses benefit from lower energy prices than suffer. Oil prices impact many different facets of our lives. It moves us from place to place in cars and airplanes. It brings our goods to stores. It keeps us warm in winter.

Many sectors of our economy welcome lower oil prices including consumer and transportation companies. When it costs less to fill up the tank, most people spend the savings on other things particularly lower income individuals. Discount retailers, restaurants, drug stores & credit card companies could benefit to name a few. Cost of fuel is an enormous expense for airlines and trucking companies for example.

Globally, lower oil costs could benefit countries who import most of their oil. This is particularly true of Asia and Europe, two areas of the world who have recently experienced a slow down. Falling prices should also benefit Japan & Korea who export many consumer goods.

In conclusion, we stand to benefit more from lower oil prices but it is taking the market some time to adjust to the swiftness of the drop in prices. We see more positive than negative long term and believe these recent events support our stance that we are still in a global recovery. At the same, we expect continued volatile markets in the short term. If you have concerns, please know that we are happy to talk with you.

### **A Look Back at 2014**

The past few years we've chosen to do a charitable donation rather Christmas presents. Because you all have responded warmly to this idea, this year we adopted a family in need. This is a family of four children ranging in ages from 4 years to 5<sup>th</sup> grade. Most of their wishes were for clothing which puts our own concerns (such as erratic market swings) in perspective.

As we reflect on 2014, we have had an exciting and challenging year. We added another advisor to our group, John Barrow, and several new clients as well. When we count our blessings, we count you among them. We thank you for a wonderful 2014 and look forward to a great 2015.

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