

Christopher Ongko  
School of Management  
Yuan Ze University  
s1133958@mail.yzu.edu.tw

June 29th, 2025

Dr. Geert Bekaert  
Editor, Finance Research Letters  
Columbia Business School  
Columbia University

Dear Professor Bekaert,

I am pleased to submit "Energy Anchoring in Cryptocurrency Markets: Evidence from Natural Experiments" for consideration in Finance Research Letters. The manuscript's concise format and empirical focus aligns with FRL's emphasis on novel findings presented in a focused manner.

This paper identifies a novel pricing factor in cryptocurrency markets that challenges semi-strong form market efficiency. By documenting predictable return patterns based on publicly available energy consumption data, we extend the empirical asset pricing literature to digital assets and provide evidence of pricing inefficiencies in cryptocurrency markets. Using natural experiments from China's mining ban and Ethereum's proof-of-stake transition, we show this mechanism is regime-dependent, with predictive power weakening by 52% following mining dispersion. Our difference-in-differences and structural break analyses provide robust evidence of this effect (Chow test:  $F=22.954$ ,  $p<0.0001$ ).

The manuscript contributes to empirical asset pricing by: (1) introducing the Cumulative Energy Investment Ratio as a novel pricing factor for digital assets, (2) documenting return patterns inconsistent with semi-strong efficiency (6.0% higher 30-day returns per standard deviation decrease in CEIR), and (3) demonstrating how market structure changes alter pricing factor stability.

This research aligns with FRL's focus on return predictability and quasi-experimental designs in asset pricing. The manuscript is not under consideration elsewhere, and there are no conflicts of interest to declare. Thank you for your consideration.

Sincerely,

Christopher Ongko  
School of Management  
Yuan Ze University