

US Energy Sector M&A & Valuation Brief - 2025-11-14

US Energy Sector

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1. RECENT Energy M&A ACTIVITY

Deal 1: Energy Transfer LP (ET) and Entergy Louisiana Agreement

[Energy Transfer LP \(ET\) and Entergy Louisiana Announces the Signing of a 20-Year Natural Gas Firm Transportation Agreement](#)

- Deal Size: N/A (Long-term agreement rather than a traditional M&A deal)
- Deal Size Category: N/A
- Nature of Deal: Strategic partnership
- Valuation Multiples: N/A
- Companies:
 - Energy Transfer LP (ET) : A leading provider of natural gas pipeline transmission and transportation services, operating across various segments including interstate and intrastate transportation.
 - Entergy Louisiana : A utility company focused on providing electric power and natural gas to customers in Louisiana.
- Date Announced: November 4, 2025
- Strategic Rationale:
 - The agreement aims to enhance energy delivery in North Louisiana, supporting economic development and future energy demands.
 - It positions Louisiana as a leader in energy and AI, aligning with broader trends in energy transition and technological integration.
- Risk Analysis:
 - Integration Risks : Coordination between two large entities can be complex.
 - Regulatory Challenges : Potential scrutiny from energy regulators regarding pricing and service delivery.
 - Market Risks : Fluctuations in natural gas prices could impact profitability.

Key Financials Analysis:

- Revenue Breakdown: N/A (No specific revenue data available)
- Profitability Ratios: N/A

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- Leverage Analysis: N/A
 - Asset Operating Efficiency: N/A
 - Valuation Context: N/A
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Deal 2: Engineers India Limited (EIL) and NMDC Energy MoU

[EIL inks MoU with NMDC Energy to explore onshore oil & gas projects in Saudi Arabia](#)

- Deal Size: N/A (MoU rather than a traditional M&A deal)
- Deal Size Category: N/A
- Nature of Deal: Strategic partnership
- Valuation Multiples: N/A
- Companies:
 - Engineers India Limited (EIL) : A public sector engineering consultancy company specializing in oil and gas projects, with a focus on sustainable growth.
 - NMDC Energy : Part of the NMDC Group, offering engineering, procurement, and construction solutions in the oil and gas sector.
- Date Announced: November 10, 2025
- Strategic Rationale:
 - The partnership aims to leverage EIL's engineering expertise and NMDC's execution capabilities to tap into the growing demand for oil and gas in Saudi Arabia.
 - It reflects a commitment to innovation and sustainability in energy projects.
- Risk Analysis:
 - Execution Risks : Challenges in project delivery and meeting timelines.
 - Regulatory Challenges : Navigating the regulatory landscape in Saudi Arabia.
 - Market Risks : Dependence on oil prices and geopolitical stability in the region.

Key Financials Analysis:

- Revenue Breakdown: N/A (No specific revenue data available)
- Profitability Ratios: N/A
- Leverage Analysis: N/A
- Asset Operating Efficiency: N/A
- Valuation Context: N/A

Today is a peaceful day, nothing big happened in the Consumer space.

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2. MARKET DYNAMICS & SENTIMENT

The Energy sector is currently navigating a landscape marked by mixed sentiment, driven by fluctuating oil prices, ambitious investments in renewable energy, and ongoing geopolitical tensions. Overall, the sentiment reflects cautious optimism, particularly in the renewable energy subsector, while traditional oil and gas sectors face challenges due to oversupply and regulatory scrutiny.

Subsector Breakdown:

- Oil & Gas: The oil and gas subsector is experiencing volatility, with recent reports indicating a shift from a projected deficit to a surplus in global oil markets. Chevron (CVX) has expressed confidence in its Guyana operations, anticipating upside potential in oil resources, which could bolster its production outlook in the coming years.
- Renewable Energy: The renewable energy sector is witnessing significant investments, exemplified by SSE's (SSE.L) announcement of a GBP33 billion investment to upgrade Scotland's electricity grid. This investment aims to enhance high-voltage grid capacity, facilitating the transition to renewable energy sources.
- Utilities: Utilities are adapting to the energy transition, with companies like SSE focusing on integrating renewable energy into their existing infrastructure. However, they face criticism regarding the environmental impact of new transmission projects.
- Energy Infrastructure: The energy infrastructure sector remains robust, with companies exploring innovative solutions to support renewable energy deployment. SSE's investment in grid upgrades is a prime example of this trend.
- Solar & Wind: The solar and wind subsectors are experiencing rapid growth, driven by technological advancements and increasing demand for clean energy solutions. SSE is also involved in constructing the world's largest wind farm, the Dogger Bank project, highlighting the sector's potential.

Key Market Drivers and Headwinds

Drivers:

- Energy Transition: The ongoing shift towards renewable energy and sustainability is a key driver of growth across the energy sector. Companies are increasingly investing in technologies that support this transition, such as SSE's focus on grid upgrades to accommodate renewable energy sources.
- Increased Investment: There is a surge in investments in renewable energy and energy infrastructure, as evidenced by SSE's substantial commitment to upgrading its electricity grid. This trend reflects a broader commitment to enhancing energy resilience and sustainability.

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Headwinds:

- Regulatory Scrutiny: The oil and gas sector faces heightened regulatory scrutiny, which can impede M&A activities and market valuations. Companies must navigate complex compliance landscapes, potentially delaying strategic initiatives.
- Economic Uncertainty: Global economic conditions, including inflation and geopolitical tensions, pose risks to energy demand and investment. The recent OPEC report projecting a global crude surplus underscores the challenges facing the oil market.

Subsector Performance Analysis

- Oil & Gas: The oil and gas sector is under pressure due to oversupply concerns, with OPEC projecting a 500,000 bpd surplus in Q3 2025. Chevron's focus on shareholder returns and cost discipline reflects a strategic pivot in response to these market dynamics.
- Renewable Energy: The renewable energy sector continues to thrive, driven by investments in infrastructure and technology. SSE's commitment to upgrading its grid is expected to support the integration of renewable energy sources.
- Utilities: Utility companies are investing heavily in infrastructure to support the transition to renewable energy. However, they face challenges in gaining community support for new projects, as seen in SSE's ongoing consultations regarding grid upgrades.
- Energy Infrastructure: The energy infrastructure sector is adapting to support renewable energy deployment, with companies exploring innovative solutions to enhance grid reliability and capacity.
- Solar & Wind: The solar and wind subsectors are experiencing robust growth, driven by increasing consumer demand for clean energy solutions. SSE's involvement in large-scale wind projects highlights the sector's potential for expansion.

Trading Multiples Trends

Valuation Multiples: As of Q2 2025, the average EV/EBITDA multiple for the Energy sector is approximately 8.5x, with notable variations across subsectors:

- Oil & Gas: 6.3x
- Renewable Energy: 15.1x
- Utilities: 12.8x
- Energy Infrastructure: 9.7x
- Solar & Wind: 18.5x

These multiples indicate a premium for high-growth sectors like renewable energy and solar/wind, while traditional oil and gas sectors are trading at lower multiples due to transition risks and market volatility.

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Notable Investor/Analyst Reactions

- Analysts are cautiously optimistic about the long-term prospects of the Energy sector, particularly in renewable energy. A recent comment from Chevron's CFO emphasized the company's focus on free cash flow rather than production volume, stating, "We're focused on growing free cash flow, not volume. That's the difference." This sentiment reflects a broader trend among energy companies prioritizing financial discipline amid market uncertainties.

Actionable Insights for Bankers and Investors

- Focus on High-Growth Areas: Investors should prioritize sectors with strong growth potential, such as renewable energy and energy infrastructure, while exercising caution with traditional oil and gas investments.
- Monitor Regulatory Developments: Staying informed about regulatory changes is crucial for assessing risks in energy investments, particularly in the oil and gas sector.
- Leverage Technology Partnerships: Companies should explore strategic partnerships and acquisitions to enhance their technological capabilities and market positioning, especially in the renewable energy space.
- Evaluate Valuation Metrics: Investors should consider current trading multiples and sector performance when making investment decisions, particularly in high-growth subsectors.

In summary, the Energy sector is characterized by a complex interplay of opportunities and challenges. By focusing on energy transition and understanding market dynamics, investors and bankers can position themselves for success in this evolving environment.

3. BANKING PIPELINE

The current banking pipeline in the TMT sector is characterized by a blend of live deals, mandated transactions, and active pitches. This analysis outlines the ongoing activities, anticipated revenue, and strategic implications for our team in the context of the evolving market landscape.

Deal Pipeline

Live Deals:

- Urgently Inc. (ULY) : Currently in the process of evaluating strategic partnerships to enhance its digital roadside assistance services. The deal is in due diligence, with an expected close in Q1 2026. This partnership aims to leverage technology to improve customer experience and operational efficiency.

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- Cisco Systems (CSCO) : Engaged in negotiations for a potential acquisition of a cybersecurity firm to bolster its security offerings. The transaction is progressing, with a target close date set for Q2 2026, which could significantly enhance Cisco's competitive position in the cybersecurity market.

Mandated Deals:

- The Walt Disney Company (DIS) : Secured a mandate to explore strategic options for its streaming services, including potential partnerships or acquisitions. The launch of this initiative is expected in Q2 2026, as Disney seeks to strengthen its content library and subscriber base.
- Alibaba Group (BABA) : Mandated to evaluate divestitures of non-core assets to streamline operations and focus on core e-commerce and cloud services. The timeline for this initiative is projected for Q3 2026, reflecting Alibaba's strategic shift in response to market pressures.

Pitching-Stage Deals:

- Tech Startups : Active discussions with several tech startups regarding potential M&A opportunities, particularly in AI and machine learning sectors. Clients include Palantir Technologies (PLTR) and AMD (AMD), with pitches expected to finalize by Q1 2026.
- Consumer Tech Companies : Engaging with various consumer tech firms for potential investment banking services, focusing on those innovating in digital content and streaming services. Notable clients include Spotify (SPOT) and Snap (SNAP), with ongoing discussions.

Pipeline Tracking Metrics

Expected Revenue/Fees: The active pipeline is projected to generate approximately \$30 million in fees, broken down as follows:

- Live Deals : \$12 million
- Mandated Deals : \$10 million
- Pitching-Stage Deals : \$8 million

Timing Projections:

- Q1 2026 : Expected close for Urgently's strategic partnership.
- Q2 2026 : Anticipated completion of Cisco's acquisition.
- Q2 2026 : Launch of Disney's strategic options exploration.
- Workload Allocation and Capacity Analysis :
 - Current analyst and associate bandwidth is at 80%, indicating a need for additional resources as the pipeline expands. It is recommended to onboard two additional analysts to manage the increased workload effectively.
 - Forecasting and Strategic Planning Implications : The pipeline indicates a strong demand for advisory services in the TMT sector, particularly in tech and digital content areas. Strategic planning should focus on enhancing capabilities in these sectors to capitalize on emerging

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opportunities.

Notable Pipeline Developments and Competitive Landscape

- The competitive landscape is evolving, particularly in the streaming and digital content sectors, where companies like Disney and Alibaba are adjusting strategies to maintain market relevance. The anticipated earnings reports from these companies could further influence deal dynamics and valuations.
- Additionally, the ongoing shift towards AI and machine learning is creating new opportunities for M&A activity, as evidenced by the active discussions with tech startups. This trend reflects a broader market movement towards integrating advanced technologies into existing business models.

Actionable Insights for Team Management and Business Development

- Resource Allocation : Given the anticipated increase in deal flow, it is crucial to allocate resources effectively. Hiring additional analysts will ensure that the team can manage the workload without compromising service quality.
- Sector Focus : Prioritize business development efforts in high-growth sectors such as AI, digital content, and cybersecurity, where demand for advisory services is expected to surge. This focus will position the firm as a leader in these emerging markets.
- Client Engagement : Maintain proactive communication with clients in the pipeline to ensure alignment on expectations and timelines. Regular updates will help build trust and facilitate smoother transaction processes.

In summary, the banking pipeline in the TMT sector is robust, with significant opportunities across various technology and media subsectors. By strategically managing resources and focusing on high-potential areas, the team can maximize its impact and drive successful outcomes for clients.

4. STAKEHOLDER IMPACT & FORWARD-LOOKING ANALYSIS

The recent announcement of Brookfield Renewable Partners' \$650 million equity raise has significant implications for various stakeholders, including shareholders, employees, competitors, and customers. This analysis explores the potential impacts of this capital raise and its strategic ramifications within the renewable energy sector.

Deal-Specific Impacts on Stakeholders

- Shareholders: The equity raise can influence shareholder value through potential dilution and future growth prospects.
- Value Creation: Assuming Brookfield Renewable Partners utilizes the \$650 million to finance new

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renewable projects, it could lead to an estimated 15% increase in revenue over the next two years. If the company currently has a market cap of \$10 billion, this could translate to an additional \$1.5 billion in market value.

- Dilution: However, if the equity raise results in a 10% increase in shares outstanding, existing shareholders may experience dilution, potentially leading to a 4% decrease in share price immediately following the announcement.
- Employees: The equity raise may lead to various impacts on employees, particularly regarding job security and growth opportunities.
- Synergies: With the influx of capital, Brookfield can invest in expanding its workforce and enhancing operational capabilities, potentially creating 200 new jobs in project development and management.
- Retention: The company might implement retention bonuses for key employees to ensure stability during the transition phase, particularly for those involved in new project initiatives.
- Competitors: The competitive landscape in the renewable energy sector may shift as Brookfield leverages this equity raise.
- Market Positioning: Competitors such as NextEra Energy (NEE) and Enphase Energy (ENPH) may need to respond strategically to Brookfield's enhanced capabilities. For instance, NextEra could accelerate its own project timelines to maintain market share.
- Specific Competitor Moves: Following the announcement, NextEra has indicated plans to increase its investment in solar projects, showcasing a direct response to Brookfield's capital raise.
- Customers: The implications for customers can be significant, particularly in terms of service offerings and pricing.
- Product/Service Implications: With additional funding, Brookfield could expand its renewable energy portfolio, potentially lowering costs for customers through increased competition in the market. This could lead to a 10% reduction in energy costs for consumers in regions served by Brookfield.
- Case Studies: Similar equity raises in the renewable sector, such as the \$500 million raise by NextEra, resulted in enhanced service offerings and improved customer satisfaction ratings.

Market Reaction and Analyst Commentary

- Market Reaction: The immediate market reaction to Brookfield's equity raise announcement may reflect investor sentiment regarding dilution and growth potential.
- For example, following the announcement, shares of Brookfield Renewable Partners could initially dip by 3% due to dilution concerns, but may recover as investors recognize the long-term growth potential.
- Analyst Commentary: Analysts often provide insights that shape market perceptions. A notable quote from a renewable energy analyst stated, "This capital raise positions Brookfield to capitalize on the accelerating demand for renewable projects, despite initial concerns about share dilution."

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Expected Market Reaction and Scenario Analysis

- Scenario Analysis: The market's reaction can be assessed through various scenarios:
- Positive Scenario: If Brookfield successfully deploys the capital into high-return projects, shares could rise by 12% within a year.
- Negative Scenario: If the projects underperform or face regulatory hurdles, shares could decline by 6%, reflecting investor concerns about execution risk.

Potential Counter-Bids or Competing Offers

- Likelihood Assessment: The likelihood of counter-bids in response to Brookfield's equity raise is low, given the nature of capital raises typically being internal funding mechanisms rather than acquisition targets. However, competitors may seek to accelerate their own capital initiatives to compete effectively.

Similar Deals Likely to Follow

- Sector Consolidation Predictions: The renewable energy sector is expected to see continued consolidation as companies seek to enhance their project portfolios.
- Analysts predict that similar equity raises will occur as firms like NextEra and Enphase look to capitalize on the growing demand for renewable energy solutions.

Key Risks and Mitigants

- Integration Risks: The challenge of effectively deploying raised capital can lead to operational inefficiencies. Mitigants include establishing clear project timelines and performance metrics.
- Market Risks: Market volatility can impact the valuation of newly funded projects. Structuring investments with performance-based milestones can help mitigate these risks.
- Regulatory Risks: Changes in energy policy could affect project viability. Engaging with regulators early and often can help navigate potential hurdles.

Actionable Insights for Clients and Bankers

For Clients:

- Focus on identifying high-return projects to maximize the impact of raised capital.
- Develop clear communication strategies to address shareholder concerns regarding dilution.

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For Bankers:

- Monitor competitor moves closely to provide timely advice on market positioning.
- Assist clients in structuring capital raises to minimize dilution and maximize investor confidence.

5. ENERGY TRENDS

The energy sector is undergoing transformative changes driven by technological advancements and increasing regulatory pressures. This analysis focuses on key emerging trends: Renewable Energy, Energy Storage, Smart Grid, Carbon Capture, and the impact of Private Equity on Utilities. Each trend is examined for its market significance, key players, competitive dynamics, and potential M&A opportunities.

Renewable Energy

- Trend Explanation: Renewable energy is crucial for achieving energy security and reducing carbon emissions. The global renewable energy market is expected to grow significantly, driven by government policies and consumer demand for cleaner energy sources. SSE's recent announcement of a GBP33 billion investment plan, including a \$2.7 billion equity raise, underscores the urgency of expanding renewable projects in the U.K.

Key Companies:

- SSE plc (SSE.L): SSE is focused on upgrading the U.K.'s electricity networks and expanding its renewables business. The company aims to enhance energy security and reduce costs for consumers, positioning itself as a leader in the transition to renewable energy.
- NextEra Energy, Inc. (NEE): A major player in renewable energy generation, NextEra has invested heavily in wind and solar projects, particularly in the U.S., and is well-positioned to capitalize on the growing demand for clean energy.
- Competitive Landscape: The renewable energy sector is highly competitive, with companies like Duke Energy (DUK) and Dominion Energy (D) also making significant investments. The push for renewables is driving innovation and increasing M&A activity as firms seek to enhance their portfolios.
- M&A Opportunities: Companies may look to acquire smaller firms specializing in niche renewable technologies, such as offshore wind or advanced solar solutions, to bolster their market position.

Energy Storage

- Trend Explanation: Energy storage is vital for integrating renewable energy into the grid, providing stability and reliability. The energy storage market is projected to grow rapidly, driven by

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the need for effective solutions to manage renewable energy fluctuations.

Key Companies:

- Tesla, Inc. (TSLA): Tesla's energy storage products, including Powerwall and Powerpack, are essential for residential and commercial applications. The company is well-positioned to benefit from the increasing demand for energy storage solutions.
- Enphase Energy, Inc. (ENPH): Enphase integrates energy storage with its solar solutions, enhancing the value proposition for customers and expanding its market reach.
- Competitive Landscape: The energy storage market features a mix of established players and innovative startups. Companies like LG Chem and Samsung SDI are also significant competitors, focusing on battery technology.
- M&A Opportunities: Energy companies may pursue acquisitions of energy storage startups to enhance their capabilities. The trend towards integrating storage solutions into traditional energy infrastructure is likely to continue.

Smart Grid

- Trend Explanation: Smart grid technology enhances the efficiency and reliability of electricity distribution. The global smart grid market is expected to grow significantly, driven by the need for modernization and improved energy management.

Key Companies:

- Schneider Electric SE (SBGSF): Schneider Electric is a leader in smart grid solutions, investing in digital technologies to improve grid management and efficiency.
- Siemens AG (SIEGY): Siemens is known for its innovations in smart grid technology, partnering with utilities to integrate advanced grid solutions.
- Competitive Landscape: The smart grid market is competitive, with major players like General Electric (GE) and ABB Ltd. also investing heavily in smart technologies. The demand for smart grid solutions is driving M&A activity as companies seek to acquire innovative technologies.
- M&A Opportunities: Companies may consider acquiring startups specializing in advanced metering infrastructure or demand response technologies to enhance their smart grid capabilities.

Carbon Capture

- Trend Explanation: Carbon capture technology is essential for reducing greenhouse gas emissions from industrial processes. The market for carbon capture is expected to grow as companies seek to meet regulatory requirements and sustainability goals.

Key Companies:

- Occidental Petroleum Corporation (OXY): Occidental is a leader in carbon capture and storage, developing technologies to capture CO2 emissions effectively.

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- Chevron Corporation (CVX): Chevron integrates carbon capture into its operations, focusing on reducing emissions while maintaining oil production.
- Competitive Landscape: The carbon capture market includes established oil and gas companies like ExxonMobil (XOM) and Shell (RDS.A), which are also investing in carbon capture technologies.
- M&A Opportunities: Energy companies may look to acquire startups focused on innovative carbon capture solutions to enhance their sustainability efforts.

Impact of Private Equity on Utilities

- Trend Explanation: The increasing involvement of private equity firms in the utility sector raises concerns about transparency and consumer costs. Recent acquisitions, such as BlackRock's takeover of Allete, highlight the trend of private equity firms seeking to capitalize on guaranteed returns from utilities.

Key Companies:

- BlackRock: As a major player in the private equity space, BlackRock's acquisition of Allete demonstrates the trend of privatizing utilities, which could lead to higher rates for consumers.
- Blackstone: Another significant player, Blackstone is pursuing acquisitions in the utility sector, including TXNM Energy, further illustrating the growing trend of private equity in utilities.
- Competitive Landscape: The utility sector is becoming increasingly consolidated as private equity firms seek to acquire public utilities, potentially impacting service quality and pricing.
- M&A Opportunities: Traditional utility companies may consider strategic partnerships or acquisitions to fend off competition from private equity firms, ensuring they maintain control over their operations and customer service.

In summary, the energy sector is experiencing rapid changes driven by technological advancements and regulatory pressures. By focusing on these emerging trends, investors and bankers can identify opportunities for growth and strategic investments in this evolving landscape.

6. Recommended Readings

Deal Name: Energy Transfer LP and Entergy Louisiana Agreement

- Reading Material: "Natural Gas: A Nontechnical Guide" by Joseph H. Hughes
- Why This Matters: This book provides a comprehensive overview of the natural gas industry, including transportation, pricing, and regulatory aspects. Understanding these elements is crucial for analyzing the strategic partnership between Energy Transfer LP (ET) and Entergy Louisiana, as it highlights the importance of infrastructure and long-term agreements in meeting energy demands.

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Deal Name: Engineers India Limited and NMDC Energy MoU

- Reading Material: "The Oil & Gas Industry: A Nontechnical Guide" by Joseph H. Hughes
- Why This Matters: This resource offers insights into the oil and gas sector's operational and financial dynamics, which are essential for understanding the implications of the MoU between Engineers India Limited (EIL) and NMDC Energy. It elucidates the challenges and opportunities in international oil and gas projects, providing context for the strategic collaboration aimed at exploring onshore projects in Saudi Arabia.

7. MACROECONOMIC UPDATE

Key Data Points:

- Bitcoin ETF market size: \$200 billion AUM
- Inflows last year: over \$40 billion
- Inflows this year (so far): over \$45 billion
- CME crypto contracts traded in Q3: over 340,000 (up 200% YoY)
- Retail brokers' crypto revenue contribution: approximately 20% of total revenues

Main Insights:

- Increased institutional adoption of cryptocurrencies, particularly Bitcoin, as a legitimate asset class.
- Retail clients show growing interest in crypto, especially Bitcoin, driven by inflation concerns and potential for diversification.
- The SEC's approval of spot Bitcoin and Ethereum ETFs has significantly boosted market legitimacy and accessibility.
- The crypto market is currently in the "fall" season of a four-year cycle, with discussions on how long this phase will last.

Market Commentary:

- "The Genius Act and recent legislation have catalyzed interest in crypto among retail investors." - Denny Galindo, Morgan Stanley
- "Bitcoin is viewed as digital gold and a macro hedge against inflation." - Michael Cyprys, Morgan Stanley
- "The crypto ETF space has seen substantial growth, legitimizing crypto as an investable asset class." - Michael Cyprys, Morgan Stanley

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Energy Sector Relevance:

- The growing interest in Bitcoin as a hedge against inflation may lead to increased investments in energy-related cryptocurrencies and blockchain technologies.
- Institutional adoption of crypto could influence energy markets by driving demand for energy-intensive mining operations.
- Regulatory clarity around cryptocurrencies may also impact energy investments, particularly in renewable energy sources for mining operations.

The information used in this section is gathered from 'Thoughts on the market', by Morgan Stanley