THE BACKROOM BRIEF

Beginner Edition

MARKETS · MACRO · CRYPTO · IN PLAIN ENGLISH

TUESDAY, SEPTEMBER 1, 2026 NO JARGON, NO CHARTS

The plain-English version of today's market brief. No jargon, no charts, just what happened and what it means. Every word in bold in the decoder at the end is explained there.

PART ONE

What happened overnight

On Tuesday, September 1, 2026, oil prices jumped after the United States struck Iranian military sites and two oil tankers were hit near the Strait of Hormuz, a narrow waterway that carries much of the world's oil. At the same time, every "fear gauge" the brief tracks rose. A fear gauge is an index that measures how much investors are paying to protect their money against a sudden market drop. When these gauges rise together, it means investors in stocks, oil and bonds are all bracing for trouble at once. Markets also came to see a US interest rate rise in September as more likely than not.

Oil jumped after strikes near a key shipping route

On Monday evening, two tankers, the Senegal Prosperity and the Sidr, were hit by projectiles near the Strait of Hormuz, off the coast of Oman. No one was hurt. On Tuesday the United States carried out a second round of strikes on Iranian military sites, after an earlier strike on an island called Larak. Brent crude, the main oil price used across Europe and much of the world, closed at 95.23 dollars a barrel, up 4.6 percent on the day, per TradingEconomics. Oil is now up almost 14 percent for the month. Higher oil prices raise the cost of driving, heating and shipping, which can push up other prices too.

Europe's prices rose faster, almost entirely because of energy

Prices across the countries that use the euro rose 3.3 percent in the year to August, up from 2.9 percent in July, according to Eurostat, the European Union's statistics office. That is the fastest pace since September 2023. Nearly all of the increase came from energy, which was up 14.3 percent from a year earlier. Strip out energy, food, alcohol and tobacco, and the "core" price rise slowed slightly, to 2.4 percent. Central banks set interest rates to keep prices stable, and they usually try to look past a one-time energy spike rather than react to it. Whether the

European Central Bank does that becomes clear at its next meeting on September 10.

US traders now expect a rate rise, and stocks fell again

Traders who bet on US interest rates now see a 67.9 percent chance the Federal Reserve, the US central bank, raises its key rate at its meeting on September 16. A week earlier, that chance was only 37.3 percent. Higher interest rates make borrowing more expensive, and they tend to make stocks look less attractive. US stocks fell for a third straight day on Tuesday: the S&P 500, an index that tracks 500 large US companies, closed at 7,631.54, down 0.71 percent. The yield on the 10-year US government bond, what the government pays to borrow for ten years, rose to 4.80 percent, its highest level since January.

Bond markets sold off worldwide, and the yen weakened past 160

Government borrowing costs rose almost everywhere on Tuesday. In Japan, the 10-year government bond yield climbed to 2.996 percent, its highest since 1996. In Britain, the 10-year yield rose 6.6 basis points, a basis point being one hundredth of a percentage point, to 5.209 percent, and the 30-year yield rose further still. Germany, Australia and Canada's bond yields rose too. Higher yields mean governments pay more to borrow, a cost that trickles into mortgages and business loans. Japan's currency, the yen, weakened past 160 per US dollar, giving back more than half the gains it made after Japan and the United States stepped in to support it in July.

South Korea posted a record export month

There was one bright spot. South Korea exported 98.25 billion dollars worth of goods in August, up 68.7 percent from a year earlier, according to its trade ministry. Computer chip exports alone rose 209 percent, the third straight month above 40 billion dollars, much of it tied to demand for artificial intelligence hardware. Separately, China removed a 32-year-old tax break that had let foreign investors receive stock dividends tax-free, even as foreign money kept flowing into Chinese shares. China's official factory gauge edged up to 49.8 in August, still just below the 50 mark that separates growth from contraction.

PART TWO

Crypto, explained simply

What bitcoin and ether did

Bitcoin, the leading cryptocurrency, closed near 77,500 dollars as the brief went to press, down about 1.3 percent on the day and 1.7 percent over the past week. It was still up 21.6 percent over the past month, so the dip sat inside a stronger month. Ether, the second-largest cryptocurrency, traded around 2,422 dollars, down 1.8 percent. The whole crypto market was worth 2.626 trillion dollars. A tool called the Fear and Greed index scores trader mood from 0 to 100. It read 69, a level the index labels greed: traders leaned optimistic even while prices slipped.

Where the money moved

Spot bitcoin ETFs are funds that trade on regular stock exchanges. They hold actual bitcoin, letting investors gain exposure without buying it. A research firm called Farside tracks the flows. These funds took in 216.7 million dollars on Monday and another 142 million on Tuesday. New money kept arriving even as the price fell.

Funding, crowded bets and forced selling

Traders who bet on crypto prices with borrowed money use contracts called perpetual futures. Roughly every eight hours, the more crowded side pays a small fee to the other side, called funding. On Tuesday funding fell to 0.0038 percent on one major exchange, the lowest point of the month, so holding a bet that prices will rise costs almost nothing.

Even so, large traders on Binance stayed two to one long for an eighth straight day, twice as many betting on higher prices as lower ones. When that many lean the same way, a small move against them can trigger a liquidation, the exchange closing a bet the trader can no longer cover. In one day, 437 million dollars of positions were liquidated, most of it traders who had bet prices would climb.

Options, briefly

Some traders buy options, contracts that give the right, but not the requirement, to trade at a set price later. Analysts track open interest, the total value of contracts still outstanding, and max pain, the price where the most contracts would end up worthless. Both hint at where big money expects prices to land, though the brief treats max pain as a weak clue this far from expiry.

How the desk talks about its trade views

The brief also carries a handful of trade views, written as thinking, not instructions to act. A long bias means the desk leans toward a price rising. A short bias leans toward a price falling. A watch, sometimes called a monitor, means no lean has formed yet. A kill is the price that would tell the desk its idea was wrong, so the view gets dropped. Conviction is how confident the desk is, on a five-dot scale from barely confident to fully confident.

Four views, one by one

On bitcoin, the desk is watching with low conviction, two dots out of five. It would only lean toward the price rising if bitcoin first fell to 74,500 to 76,500 dollars. A close below 73,000 dollars would tell the desk its idea was wrong.

On gold, conviction is very low, one dot out of five, and the idea is one bad day from being dropped entirely. Gold closed at 4,334.92 dollars. A second closing price below 4,420 dollars would end the view for good.

On oil, specifically Brent crude, the desk had leaned toward a price fall. That lean is now dead. The price closed above 91 dollars, the level meant to prove the idea wrong.

On the Japanese yen, the desk is only monitoring, with no lean either way. The dollar has just closed above 160 yen for the first time in this episode. What the desk watches next is whether Japan's finance ministry steps in, and the Bank of Japan's meeting on September 17 and 18.

A 21 billion dollar market the brief could not check

Polymarket, a platform where people trade on the outcome of real-world events, is raising 1 billion dollars at a 21 billion dollar valuation, the brief noted. Its rival, Kalshi, raised money in May at a 22 billion dollar valuation. Its own data feed has been unreachable for six sessions in a row, so outside observers, including this brief, could not check its prices directly. A financial regulator separately fined someone 172,000 dollars for insider trading on this kind of contract.

PART THREE

The bottom line

Tuesday, September 1, was a rough day for markets almost everywhere. Oil jumped 4.6 percent to 95.23 dollars a barrel after fresh fighting in the Middle East. Inflation in Europe hit 3.3 percent, driven mostly by a 14.3 percent jump in energy costs. Traders now see a 67.9 percent chance the US central bank raises interest rates on September 16.

Every measure of market fear rose on the day. US stocks fell for a third straight day, with the S&P 500 down 0.71 percent to 7,631.54. Gold fell 2.4 percent to 4,334.92 dollars, and the yen weakened past 160 per dollar. Bitcoin slipped 1.3 percent to about 77,500 dollars.

Not everything was down. South Korea's exports jumped 68.7 percent, with chip sales up 209 percent. The brief is also honest about its mistakes, including a correction to an earlier claim that Norway's sovereign wealth fund holds bitcoin, which the fund's own report does not support.

The one thing to watch today: Wednesday brings Canada's rate decision and US job openings data. The bigger event is Friday's US jobs report, followed by the European Central Bank on September 10, the Fed on September 16, and the Bank of Japan on September 17 and 18.

WORD DECODER

basis point One hundredth of one percent, used for small moves in interest rates.

bond A loan an investor makes to a government or company, repaid with interest.

Brent and WTI crude The world's two main oil benchmarks, Brent used more in Europe and WTI in the US.

carry trade Borrowing cheaply where rates are low, like Japan, to invest where rates are higher.

CDS (credit default swap) Insurance against a government or company failing to repay its debt.

central bank The institution that sets a country's interest rates, like the Fed.

conviction How confident the brief is in one of its trading views.

dominance Bitcoin's share of the total cryptocurrency market, at 59.1 percent.

ETF A fund traded on a stock exchange; a spot bitcoin ETF holds real bitcoin.

Fear and Greed index A daily 0-100 score for crypto trader mood; it read 69, greed territory.

federal funds rate The Fed's own interest rate, currently set between 3.50 and 3.75 percent.

funding rate A small periodic payment crypto futures traders make to each other.

implied volatility How much price movement options prices suggest traders expect ahead.

inflation The rate prices rise over time; core inflation excludes energy and food.

intervention When a central bank buys or sells its own currency to steer its value.

kill and watch A kill drops a view as wrong at a set price; a watch is a tracked level.

liquidation When a leveraged trader is forced out as the price turns against them.

long and short Going long bets a price rises, short bets it falls; bias is the desk's lean.

max pain The options price causing the biggest loss to traders when contracts expire.

open interest The total number of futures or options contracts still open in the market.

PMI A survey score of factory activity; above 50 means growth.

prediction market A platform for betting money on real world outcomes, like Polymarket.

put and call options A call bets a price will rise, a put bets it will fall.

safe haven An asset investors buy when nervous, expecting it to hold its value.

stablecoin A cryptocurrency built to hold a steady value, usually matched to the dollar.

TTF gas Europe's main natural gas price, quoted in euros per megawatt hour.

VIX and VVIX The VIX, the fear gauge, tracks expected S&P 500 swings. VVIX tracks swings in the VIX itself.

yield and yield curve A bond's yield is its annual return; the curve charts yields across loan lengths.

REFERENCE

The numbers

Every figure below appears in the full brief. The right-hand column says what each one means in plain words. Prices are as of the close of trading on Tuesday, September 1, 2026, except bitcoin and ether, which trade around the clock and are shown as the brief closed.

CRYPTO	LEVEL	CHANGE	WHAT IT MEANS
Bitcoin	$77,473	-1.3% day	Down on the day and week, still up 21.6% on the month
Ether	$2,422	-1.8% day	The second-largest cryptocurrency
Solana	$100.06	-2.8% day	The weakest of the big three on the day
All crypto, total value	$2.626T	-3.8% day	Bitcoin is 59% of that total
Fear and Greed index	69	from 62	A mood gauge from 0 to 100; 69 counts as greed
Spot bitcoin ETF money	+$142M	Tue	Money flowing into bitcoin funds; Monday was +$216.7M
Binance funding rate	0.0038%	30-day low	The fee for holding a leveraged bet; it just collapsed
Forced closures (liquidations)	$437M	to Mon	68% were bets on prices rising
Bitcoin options, main expiry	168,329 BTC	Sep 25	Biggest single strike sits at $70,000
Polymarket valuation	$21B	from $15B	Raised $1B while its data feed stayed dark

EVERYTHING ELSE	LEVEL	CHANGE	WHAT IT MEANS
S&P 500 (US stocks)	7,631.54	-0.71%	Third losing day in a row
Nasdaq Composite	26,099.77	-1.03%	Tech-heavy index fell hardest
US 10-year yield	4.80%	+4bp	Highest since January; borrowing costs rising
Chance of a US rate rise Sep 16	67.9%	from 37.3%	Priced by futures; a week ago it was a long shot
Brent crude oil	$95.23	+4.6%	Highest in nearly six weeks after strikes near Hormuz
Gold	$4,334.92	-2.4%	Fell on a war day; rates mattered more
Dollar index	99.66	+0.23%	Dollar a little stronger against major currencies
Yen per dollar	160.16	+0.27%	First close above 160; weak yen, watch for Tokyo to act
Euro-area inflation (Aug)	3.3%	from 2.9%	Energy up 14.3%; everything else (core) 2.4%
VIX (US stock fear gauge)	16.34	+9.5%	Investors paid more for protection
Oil fear gauge (OVX)	49.13	+9.4%	Just under the 50 line the desk watches
Japan 10-year yield	2.996%	+4.9bp	Highest since 1996, per TradingEconomics
Germany DAX	25,970	-1.10%	Closed below 26,000
Korea KOSPI	6,835.80	+0.23%	Only major Asian index to rise; exports +68.7%
Brazil Bovespa	179,722	+1.30%	Tenth straight gain; oil producer, 14% interest rate