THE BACKROOM BRIEF

BEGINNER EDITION · MARKETS IN PLAIN ENGLISH

WEDNESDAY, SEPTEMBER 2, 2026 | PLAIN ENGLISH | NO JARGON, NO CHARTS

The plain-English version of today's market brief. No jargon, no charts, just what happened and what it means.

What happened overnight

The cost that governments and companies pay to borrow money jumped in the United States, Japan, Germany and Britain, all within about a day of each other. That cost is called a yield: what a lender earns, expressed as a percentage. Borrowing costs had already been rising in America. On Wednesday they spread everywhere at once, and stock markets that had been ignoring the trend for weeks finally reacted.

Borrowing costs jumped from Tokyo to london

Japan's central bank governor, Kazuo Ueda, told reporters that a rate rise is "on the table at every meeting, including this month's," according to a report from Nikkei Asia. A central bank sets a country's interest rates. Japan's two-year government bond yield rose 5.3 basis points, to 1.863 percent. A basis point is a hundredth of a percentage point. That is a small but fast jump. This is what's called the front end, meaning short-term borrowing rates. Germany's two-year yield rose too, Britain's ten-year bond hit a one-year high, and the U.S. ten-year Treasury bond closed at 4.79 percent, its highest level of 2026. Japan's Nikkei stock index fell 2.85 percent, and SoftBank, which borrows heavily to invest, fell 6.4 percent. Why it matters: pricier borrowing punishes debt-heavy companies first, and that shows up fast in share prices.

War got worse in the gulf, but oil got cheaper

Iran's Revolutionary Guard said it "will no longer exercise restraint" toward Bahrain and Kuwait, and Kuwait's military reported shooting down incoming missiles overnight. The U.S. military said it struck Iranian air-defense sites, radar and mine-laying equipment near the Strait of Hormuz, a narrow waterway that carries a large share of the world's oil. Oil still fell. Brent crude dropped 0.9 percent to $93.82 a barrel despite the fighting. The U.S. energy secretary said more than 17 million barrels moved through Hormuz on Monday, the busiest day since the conflict began, by his count; the brief notes it is a single day's figure from one official. Washington also signed for access to 65 billion barrels of oil reserves in Venezuela. Why it matters: an escalating war does not automatically push oil prices up, and calmer oil usually means smaller moves at the pump.

South korea's stock market gave back its best story

South Korea's KOSPI stock index fell 3.99 percent to 6,562.72, the worst fall among Asia's major markets, with Samsung down 4.0 percent and SK hynix down 4.7 percent. Foreign investors have sold 9.84 trillion won of Korean stock since August 20. Korean companies have been buying back shares to offset the selling. It wasn't enough. Korea's August inflation hit 3.1 percent, up from 2.8 in July, and the central bank has raised rates twice in a row, to 3.00 percent, its first back-to-back rise since 2023. Why it matters: Korea makes much of the world's memory chips, so a rate-driven fall there shows the technology boom is not immune either.

Switzerland's prices are rising fast, its rate is still zero

Swiss consumer prices rose 3.5 percent over the past year, the highest reading since 1993, yet the Swiss National Bank's interest rate is still zero percent. No other major economy does this. Switzerland is instead leaning on a strong currency, the franc, since a stronger franc makes goods bought from abroad cheaper. Next door, inflation across the countries that share the euro was 3.3 percent in August, while the European Central Bank's key rate sits at 2.25 percent; it meets on September 10. Why it matters: both central banks face the same choice, raise rates and risk slowing growth, or hold and let prices keep climbing.

The fed's next move looks more likely by the day

Traders now price a 65.9 percent chance the U.S. Federal Reserve raises its key rate on September 16, sharply up from 37.3 percent a week earlier. That would push the Fed's target range to between 3.75 and 4.00 percent. One report supported a rise: prices businesses pay for supplies stayed high in August. Another weakened it: American factory activity came in at 54.6, below expectations, with new orders and hiring both slower than in July. Job openings slipped too. Friday brings the month's most watched figure: how many jobs the U.S. economy added in August, expected at a modest 42,000. Why it matters: that single number could decide whether borrowing gets pricier again this month, rippling out to mortgages and credit cards.

Crypto, explained simply

What bitcoin did

Bitcoin fell to $76,719 on Wednesday, down 1.7 percent, swinging between roughly $76,264 and $78,424 during the day. Ether fell harder, down 3.2 percent to $2,378. Solana lost 4.2 percent, closing near $97.98. Every crypto coin the brief tracks fell, and the riskier the coin, the harder it fell, with a small token called Bonk down almost 7 percent. Money left too. On Tuesday, investors pulled $236 million out of the funds that let ordinary people buy bitcoin through a normal stock account, called ETFs, funds you can buy on the stock market that hold bitcoin for you. That was the biggest one-day withdrawal since July 31, reversing a $217 million deposit the day before. A popular mood gauge, the Fear and Greed index, still reads 63, "Greed," a reading it has held for eight straight days even as the ETFs flipped from buying to selling.

Who is betting which way

A "long" is a bet a price will rise. A "short" is a bet it will fall. On Binance, the share of accounts betting bitcoin would rise jumped from about half on Tuesday to 56 percent on Wednesday, even as the price fell. Among the largest traders, measured by bet size rather than account count, nothing changed. They have held roughly two dollars long for every one dollar short for eleven straight days. Total money tied up in bitcoin bets across the four biggest exchanges held steady too, near $17.8 billion. Actual trading leaned toward selling anyway. The fee traders pay to keep a leveraged long bet open, "funding," stayed cheap, below its own recent average, so almost nobody is being charged much to keep betting on a rise.

The views, in plain words

The desk keeps a running list of trade views, its current thinking on where prices might go, each rated for conviction on a one-to-five scale and each carrying a "kill" level, a price at which the desk admits the idea was wrong. One view watches a bitcoin zone between $74,500 and $76,500. Bitcoin touched the top of it Wednesday but has not closed a full day inside. The desk will call that a real buying signal, not just noise, only if long accounts cool off first and big traders add no further size, because a zone a crowd is still piling into has not really been tested. If that happens, the target is $85,000. Close below $73,000, though, and the idea is dead. No exceptions. A second trigger could also kill it: the yen weakening past a set point against the dollar on rising Japanese rates, a level not yet reached. Conviction here is low, two dots out of five.

Gold, the same story

The brief treats gold as facing bitcoin's pressure too: rising rates worldwide, not the war in the Middle East. Oil showed the same pattern this week. Gold failed one test already, closing Tuesday at $4,335, below the level it needed. It sits at $4,332 now. That is a three-week low. One more failed close tonight, below $4,420, and the desk drops the idea completely, with nothing to replace it. Conviction is the lowest grade, one dot of five. Some insurance exists against a further bitcoin drop. A "put" is a contract that pays out if the price falls below a set level, bought as protection. Large traders hold some puts near current prices, but that cover thins out fast below $70,000. The desk also flags Friday's US jobs report as a risk either way: a weak report could hurt markets already nervous about high rates, and a strong one could push rates higher still, hurting the same long bets from the other side. It calls this a "consensus trap," a bet so many share that almost no outcome helps everyone.

A different kind of risk: one bug, several blockchains

Away from prices, a software flaw cost two crypto networks real money this week. Hackers used a bug in code shared across several blockchains to drain about $7.5 million from a network called TAC and $3.6 million from one called Mantra. TAC halted its network four hours after the drain began, and by then the money had already been moved off the chain. Mantra reacted too slowly as well: by the time it halted, most of the stolen tokens had already reached an exchange and were gone. The flaw reportedly hit three more blockchains within days. Crypto risk does not stop at price charts. Shared code means one mistake can drain wallets across several projects at once.

The bottom line

Borrowing costs jumped almost everywhere overnight, not just in the United States, as Japan's, Germany's and Britain's government bonds all moved and Japan's shift was the sharpest. That rise finally hit the parts of the market that had been ignoring it: Japan's Nikkei stock index fell hard, South Korea's KOSPI fell too, gold touched a three week low, and investors pulled money out of bitcoin investment funds. The regional war got worse overnight, yet oil prices fell anyway, because a huge amount of oil kept moving through the region's key shipping strait and the United States struck a deal for access to Venezuelan oil reserves. More small traders bet that bitcoin would rise, but the big traders did not add to their bets, so the crowd grew without getting any more confident. Gold's case for going higher is now one bad closing price from being dropped completely. Switzerland is trying to fight 3.5 percent inflation while holding its interest rate at zero, an unusual and risky mix. With safe cash already paying a good return and a major US jobs report two days away, the team behind this brief chose to add no new bets today.

The one thing to watch today

Canada's central bank announces its interest rate decision today, and the payroll company ADP releases its estimate of August's private US hiring. Both are a warm up for Friday, when the government's own jobs report is expected to show only 42,000 new jobs. Gold also has a deadline tonight: it needs to close above $4,420, or the idea that it would keep rising is finished.

What the desk got wrong yesterday

- They said bitcoin investment funds gained $142 million on a day when the real figure was a $236 million loss, getting the direction backwards.
- They said a bitcoin trading pattern had lasted eight days, when exchange records show it had actually been running for ten.
- They called South Korea's stock market the only one ignoring the global bond selloff, but foreign investors had already been selling Korean shares for two weeks, and the market fell hard the very next day.
- They listed a US jobs-openings report as coming out on Wednesday, when it had actually been published a day earlier, on Tuesday.

Word decoder

basis point
A basis point is one hundredth of one percent. Traders use it because interest rates often move in tiny steps.

bond
A bond is a loan an investor makes to a government or a company. The borrower promises to pay interest along the way and return the money at the end.

breakeven inflation rate
This is the inflation rate investors expect over a set number of years, worked out by comparing regular bonds with bonds that adjust for inflation. It shows what the bond market, not a survey, thinks inflation will do.

central bank
A central bank is the institution that sets a country's main interest rate and manages its currency. The Federal Reserve in the United States is one example.

consensus
Consensus is the average forecast among a large group of economists or analysts before an official report comes out. Results are then measured against it.

conviction
Conviction is how confident an analyst is in an idea, often shown as filled dots out of five. More filled dots means a stronger view.

ETF
ETF stands for exchange-traded fund. It is a basket of investments, such as gold or a group of stocks, that trades on an exchange the way a single share does.

Fear and Greed index
This is a score from zero to one hundred that tries to measure whether investors are feeling fearful or greedy. Low numbers point to fear, high numbers point to greed.

front end (of the yield curve)
The front end means bonds that come due soon, usually within about two years. Their prices move quickly when investors change their expectations for interest rates.

funding rate
In crypto futures markets, the funding rate is a small recurring payment between traders betting a price will rise and traders betting it will fall. It keeps the futures price close to the actual market price.

futures
A futures contract is an agreement to buy or sell something, like oil or bitcoin, at a set price on a future date. Traders use futures to bet on prices or to protect against price swings.

hedge
A hedge is a position taken to offset the risk of another position. It works like buying insurance against a price move going the wrong way.

inflation
Inflation is the rate at which prices for goods and services rise over time. When inflation is higher, the same amount of money buys less.

kill
A kill is the price level that, if crossed, proves an idea wrong and ends it. Setting the level in advance stops anyone from moving the goalposts after the fact.

leverage
Leverage means using borrowed money to make a bet bigger than the cash actually behind it. It can multiply both gains and losses.

liquidation
A liquidation happens when a trader who borrowed money cannot cover a loss, so the exchange automatically closes the position. A wave of liquidations can cause a very fast price move.

long and short
Going long means betting that a price will rise. Going short means betting that it will fall.

open interest
Open interest is the total number of futures or options contracts that are still active and have not been closed out. It shows how many bets are currently on the table.

options and put
An option gives its buyer the right to buy or sell something at a set price by a set date, with no requirement to actually do so. A put is the version that pays off if the price falls.

payrolls
Payrolls, short for nonfarm payrolls, is a monthly US government report that counts how many jobs the economy added or lost. It is one of the most closely watched economic releases.

prediction market
A prediction market lets people trade bets on the outcome of real world events, such as elections or votes on new laws. The price of a bet reflects what the crowd thinks the odds are.

put-call ratio
This ratio compares how many put options are traded against how many call options are traded. A higher ratio suggests more traders are protecting against, or betting on, a price fall.

real yield
A real yield is a bond's interest payment after subtracting expected inflation. It shows the return an investor actually keeps once rising prices are accounted for.

spread
A spread is the gap between two related prices or interest rates, such as the extra interest a riskier borrower pays compared with a safer one. A wider spread usually signals more perceived risk.

stablecoin
A stablecoin is a cryptocurrency built to hold a steady value, usually by being tied to a currency like the US dollar. People use stablecoins to move money around crypto markets without the price swings of coins like bitcoin.

support and resistance
Support is a price level where buying has repeatedly stopped a decline. Resistance is a price level where selling has repeatedly stopped a rise. Traders call either one a level.

volatility and the VIX
Volatility measures how much and how fast a price swings up and down. The VIX is a well known index that tracks how much volatility investors expect in US stocks over the coming month.

yield
A yield is the return an investor earns on a bond, usually shown as a yearly percentage. It moves in the opposite direction to the bond's price.

yield curve
A yield curve is a chart comparing the yields of bonds from the same borrower across different time periods, from short term to long term. Its shape gives investors a read on what the market expects for future interest rates and growth.

The numbers

Today's key figures, each with one line of plain context. All numbers come from the full brief and its sources.

WHAT	LEVEL	CHANGE	WHAT IT MEANS
Bitcoin	$76,719	down 1.7%	The biggest cryptocurrency. It fell as borrowing costs rose worldwide.
Ether	$2,378	down 3.2%	The second-biggest. It fell almost twice as much as bitcoin.
Bitcoin ETF flow, Tuesday	-$236 million	after +$217M Monday	Money leaving the funds that hold bitcoin for stock-market investors. Largest one-day exit since July 31.
Fear and Greed index	63	from 69	A mood gauge from 0 (extreme fear) to 100 (extreme greed). Still in "greed".
S&P 500	7,631.47	down 0.71% Tuesday	The main US stock index. Third losing day in a row.
Nikkei 225 (Japan)	64,325.64	down 2.85%	Japan's main index. Tech and chip names led the fall.
KOSPI (Korea)	6,562.72	down 3.99%	Korea's main index. The worst major market in Asia today.
US 10-year Treasury yield	4.79%	2026 high	What the US government pays to borrow for ten years. Higher means dearer money everywhere.
US 2-year Treasury yield	4.39%	2026 high	Short-term US borrowing cost. It rose more than the ten-year, which points to rate rises.
Japan 2-year yield	1.86%	up 5 basis points	Short-term Japanese borrowing cost. It jumped after the central bank chief said every meeting could bring a rise.
UK 10-year gilt yield	5.24%	52-week high touched	What Britain pays to borrow for ten years. Highest in a year during the day.
Odds of a US rate rise on September 16	65.9%	from 37% a week ago	What futures markets think the Fed will do. A week ago a rise was the minority view.
Gold	$4,332	low of $4,283	Fell to a three-week low despite a war. Rates, not rockets, are setting its price.
Brent crude oil	$93.82	down 0.9%	The world oil benchmark. It fell on a day of missile attacks because more oil got through the strait and a Venezuela deal was signed.
Dollar against the yen	159.70	yen stronger	Back below 160 after Japan's central bank chief hinted at rate rises.
VIX	16.34	up 9.5% Tuesday	Wall Street's "fear index". Still low by the standards of the last three months.
Swiss inflation	3.5%	highest since 1993	With the Swiss interest rate still at zero.
Korean inflation	3.1%	core 3.4%	Prices rising faster; Korea has raised rates twice in a row.
US factory survey (ISM)	54.6	expected 55.2	Above 50 means factories are growing, but slower than hoped.
US jobs added, Friday's forecast	42,000	previous 58,000	The number the whole week is waiting for.