THE BACKROOM BRIEF

MARKETS · MACRO · CRYPTO

WEDNESDAY, SEPTEMBER 2, 2026 | GREED, BONDS OFFERED | CRYPTO 24H VOLUME $81.7B

BTC $76,719 -1.7% · ETH $2,378 -3.2% · SOL $97.98 -4.2% · SPX 7,631.47 -0.71% · NIKKEI 64,326 -2.85% · GOLD $4,332 spot, low 4,283 · BRENT $93.82 -0.9% · DXY 99.71 +0.08% · US10Y 4.79% 2026 high · JGB2Y 1.86% +5bp · VIX 16.34 · F&G 63 GREED

THE LEDE

The Front End Went Global

Japan's two-year yield rose 5.3 basis points to 1.863 percent after Governor Ueda told reporters that a rate rise is "on the table at every meeting, including this month's," per Nikkei Asia; the German two-year added 3.5 basis points to 2.98 percent by midday Frankfurt, per Investing.com; the ten-year gilt traded to 5.294 percent, a 52-week high, before settling back to 5.236; and the ten-year Treasury's 4.79 percent close on Tuesday is the highest of 2026 and equals the highest close of 2025, per the Treasury's own daily par curve. The tightening that lived in the American front end on Tuesday had crossed every G10 two-year by the Tokyo close. The first casualties were the assets that had been ignoring the rate. The Nikkei fell 2.85 percent to 64,325.64 with SoftBank down 6.4 percent, per Yahoo Finance's history and TradingEconomics. The KOSPI, which on Tuesday was the only major Asian index to rise, fell 3.99 percent to 6,562.72 with Samsung down 4.0 and SK hynix down 4.7, per Seoul Economic Daily. Spot gold printed a three-week low of 4,282.67 dollars before recovering to 4,332, per Investing.com. Bitcoin's spot ETFs gave back 236.5 million dollars on Tuesday, the largest daily outflow since July 31, per HedgeCo's tally of the issuers' data, and bitcoin is at 76,719 dollars, 1.7 percent lower, per CoinGecko. The war did the opposite of what the war is supposed to do. Iran's Revolutionary Guard said it "will no longer exercise restraint" toward Bahrain and Kuwait and Kuwait's army reported missile interceptions overnight, per ABC News' live coverage, and Brent fell 0.9 percent to 93.82 dollars anyway, because the Energy Secretary reported "over 17 million barrels" moving through Hormuz on Monday, the most since the conflict began, and because Washington signed for access to 65 billion barrels of Venezuelan reserves, per The National. Rates priced the metal on Tuesday. On Wednesday they priced most of what moved; what they did not price, and what the energy reading explains better, is argued below.

CROSS-REFERENCE

Press Digest

OUTLET	REGION	LEAD STORY	KEY NUMBER
Reuters	Global	Bond selloff deepens as oil prices and public-debt fears jolt markets	n/a
Bloomberg	Global	European and UK bond rout continues as gas prices climb; Apollo's Slok says the Iran war and tariffs, not fiscal fears, are driving yields	n/a
Financial Times	UK	Energy price surge hits bond markets as European gas reaches a three-year high	3-year high
Wall Street Journal	US	Oil hovers close to $95 as the Middle East conflict further pressures bonds	$95
The Economist	UK	Europe's bond markets are suffering a post-holiday shock	n/a
New York Times	US	Employer health costs expected to spike in 2027; second lead: bond selloff threatens to squeeze borrowers around the world	2027
CNBC	US	US indices fall for a third straight session as yields and oil climb	3 sessions
Nikkei Asia	Japan	BOJ chief says rate hikes on the table at every meeting, including this month's; ten-year JGB at a 30-year high	3.00%
SCMP	Hong Kong	BYD and Leapmotor buck the EV slowdown as pressure piles on small rivals	+17.8%, +80.7%
Caixin	China	China closes tax loopholes on insider stock sales	15% deduction scrapped
Korea Times	Korea	Finance minister nominee prioritises inflation; 2027 budget puts 21.3 trillion won into AI, chips and data centres	821tn won budget
NHK World	Japan	Bessent says the ball is in China's court on the Iran sanctions response	n/a
Handelsblatt	Germany	Oil price shock after US strikes weighs on Asian markets; DAX extends losses as gas rises	n/a
Les Echos	France	Bond and equity markets under pressure after Fed Governor Barr flagged a possible rate rise	n/a
Gulf News	UAE	US cleared mines in the Strait of Hormuz, but Iran may have found a new way to deploy them	n/a
The National	UAE	UK ready to sign a Gulf trade deal within weeks, says trade minister	4 years
Al Jazeera	Qatar	Bessent urges the G20 to cut trade imbalances and focus on China; oil above $92	$92
DW	Germany	Volkswagen's crisis: how many jobs are at risk	n/a
Guardian	UK	BP appoints a new chair after the contested ousting of Albert Manifold in May	n/a
Valor Econômico	Brazil	Banco Master's "Dark Horse" vehicle exceeded what was admitted, per Vorcaro disclosures	n/a

The consensus is unusually wide. Reuters, Bloomberg, the FT, the WSJ, The Economist, Handelsblatt, Les Echos and the NYT's second lead all carry the same noun, a bond selloff, and disagree only about the adjective. The FT and Bloomberg make it a gas story, with European gas at a three-year high. The WSJ makes it an oil story at 95 dollars. Reuters adds public-debt fears, which Bloomberg's Apollo quote rejects outright: Torsten Slok says the Iran war and tariffs, not fiscal concerns, are driving US yields. Les Echos alone names a person, Governor Michael Barr, whose Tuesday remarks read in Paris as flagging a hike. Nikkei Asia's lead is the one the others are not writing: Ueda's line that every meeting is live, which is the sentence that moved the Japanese two-year and, through it, the Nikkei and the yen. The divergence is regional. The Anglo-American press reads the selloff as an energy-inflation event; the Asian press reads it as a central-bank event. The desk's view, argued in story one, is that the two are the same event seen from different ends of the curve, and that Tokyo has the better seat.

ANALYSIS

Ten Stories

1. Five basis points in Tokyo

Governor Kazuo Ueda's sentence did more than any strike this week. Rate rises are "on the table at every meeting, including this month's," he said on Wednesday, adding that the ten-year JGB's 30-year high "reflects the global rise in rates," per Nikkei Asia. The two-year JGB rose 5.3 basis points to 1.863 percent, the ten-year held at 3.003 percent, and the thirty-year fell 2.5 basis points to 4.159, per Investing.com's real-time quotes: a bear flattening, the shape a curve takes when the market moves a hike forward rather than pricing more inflation. The Nikkei fell 1,889.70 points, 2.85 percent, to 64,325.64, its low of the day 64,215.47, per Yahoo Finance's daily history, which matches Investing.com; TradingEconomics' 64,495 print is a live contract and is set aside. TOPIX fell 2.40 percent to 4,081.60. The names that fell hardest are the names that borrow the most against the future: SoftBank Group down 6.4 percent, Taiyo Yuden 4.6, Fujikura 3.9, Tokyo Electron 3.4, Advantest 2.5, per TradingEconomics' session note. Nikkei Asia's second item is the flow behind the price: Japanese corporate pensions are rotating back into domestic bonds now that a ten-year pays 3 percent for the first time since 1996.

Frankfurt followed rather than led. The German two-year rose 3.5 basis points to 2.98 percent, the ten-year 3.1 to 3.369, the thirty-year 1.4 to 3.831, per Investing.com; the front end again rose more than the long end, for a second session. The ten-year gilt traded to 5.294 percent, its 52-week high, and stood at 5.236 at the time of writing, with the thirty-year at 5.868 after touching 5.921. Australia's ten-year, at 5.221, sits inside two basis points of its own 52-week high of 5.230. Italy's ten-year at 4.214 and France's at 4.239 are each within four basis points of theirs. In Washington the Treasury's daily par curve put the ten-year at 4.79 percent on Tuesday, the highest close of 2026 and level with the 4.79 of January 13, 2025, which was the highest close of that year; the two-year at 4.39 is a 2026 high. Seoul Economic Daily's market report named the American ten-year, above 4.80 percent intraday, as the first reason the KOSPI fell.

The stake is what a global front-end repricing does to assets that are valued on a discount rate they had stopped watching. Mirae Asset's Kim Seok-hwan put it in one sentence to Seoul Economic Daily: "AI demand remains intact, but the climb in long-term US Treasury yields is raising doubts about whether Big Tech can sustain its capital spending." That is the same doubt priced into SoftBank at minus 6.4 and Tokyo Electron at minus 3.4, and it is the doubt Dell answered in the other direction before the New York open, up about 10 percent after raising its full-year guidance on AI servers, per CNBC's pre-market note. Two readings coexist and the desk holds both, because its own best evidence is split between them. At the ten-year point the Treasury's file reads as the energy camp's: the real yield was unchanged at 2.44 percent on Tuesday and the breakeven rose 4 basis points, which is inflation compensation, the signature of an oil and gas shock that a central bank can look through, and it is Slok's and the FT's evidence. At the two-year point the file reads as Tokyo's: the Treasury two-year at 4.39 is a 2026 high, the JGB two-year rose 5.3 basis points on a governor's sentence and the Bund two-year 3.5. Only Japan's curve flattened decisively, the two-year up 5.3 against a ten-year flat and a thirty-year down 2.5; Germany's two-ten spread moved less than half a basis point and the Treasury's one, which is quote noise on both. And fed funds futures held a September move at 65.9 percent, two points lower than Tuesday, which cuts against a pure hike story in Washington even as Tokyo's advanced. The honest statement is that one curve said hike, two front ends rose by three to five basis points with their long ends close behind, and the ten-year Treasury said energy. The desk's tiebreaker is not the inflation-protected file; it is that the front ends moved on a central banker's words, which is consistent with Tokyo's reading and does not prove it.

What confirms the story is a second session of front-end leadership in Europe on Thursday, and what kills it is a ten-year JGB that gives back the 3 percent handle before the September 17 meeting, which would say the pension rotation Nikkei Asia describes has already met the supply. The desk's own thread from Tuesday, that the front of the curve is doing the tightening, is a continuation today rather than a reversal, with one change of scale: on Tuesday the front end was American, on Wednesday it was everyone's.

2. Rockets up, oil down

The overnight sequence, in the order ABC News' live coverage timestamped it on Tuesday afternoon and evening in Washington: the Iranian parliament's speaker, Ghalibaf, said the United States was giving ships "false guarantees" about passage through Hormuz; the Revolutionary Guard said it "will no longer exercise restraint" toward Bahrain and Kuwait; the President confirmed the strikes near the strait and warned Iran would be hit harder if it responded; Kuwait's army issued alerts over missiles and air-defence interceptions after dark; Central Command announced the strikes complete, naming "air defense sites, radar systems, maritime assets and facilities, mine laying capabilities, and communications sites"; and the Guard answered that "this offensive operation will continue as a lesson against the Americans until they regret their crime." The National's live blog adds a strike on a wedding gathering at Kuhistik near Sirik with 4 killed and 50 wounded, and two seafarers killed in the strait on Tuesday. Iran says 7 Guard members died in the American strikes, per ABC.

Brent fell 0.88 percent to 93.82 dollars and WTI 1.30 percent to 89.05 by the European midday, per Investing.com. That is the number that does not fit, and it has two explanations, both on the record. The first is flow. Energy Secretary Chris Wright reported late on Tuesday that "over 17 million barrels of oil flowed" through Hormuz on Monday, "the record since before the conflict," per ABC; Gulf News' lead says the United States has cleared mines in the strait while warning that Iran may have found a new way to lay them. The second is supply on a different continent. The United States signed for access to 65 billion barrels of proven Venezuelan reserves and 100-year concessions on 17 oilfields through a vehicle called North American Blue Energy Partners, with Chevron expanding its operations and the Energy

Secretary flying to Caracas on Wednesday to sign with interim President Delcy Rodríguez, per The National; the President's line was "prices are going to come down." Heavy crude takes years to lift, and the National's report carries no dollar figure and no production date. The market discounted it anyway. Two cautions travel with the number. The desk's own collector carries The National's earlier count of 3 transits on August 23 against a normal 85, so a record day against that baseline may be a surge rather than a rate, and the desk has no independent tanker count from Kpler, Vortexa or Lloyd's List to check a cabinet secretary's figure against. And the simplest read of a 0.9 percent fall the day after a 4.6 percent rise is that a 4.6 percent day mean-reverts; the desk prefers the flow explanation because Gulf equities fell with the barrel, and prints the alternative.

The stake is on the desk's own ledger. Its Brent short bias died on Monday's close above 91 and was buried at Tuesday's 95.23. On Wednesday crude fell on the most escalatory day of the week, which is exactly the fade the view was built to catch, one session after the view was closed. The desk does not reopen it. The condition it set on Tuesday, a close below 91 with crude volatility under 45 and three sessions without a Central Command statement, has none of its three legs met: OVX closed Tuesday at 49.13 per CBOE, Brent is 93.82, and Central Command issued a statement overnight. The desk adds a fourth condition that is not a price: a confirmed strike on a Fifth Fleet or Camp Arifjan facility forces a same-day reassessment of every energy view regardless of level, because the Guard's sentence moved the conflict's geography from shipping lanes to allied soil and none of the three price conditions can register that. What to watch is Wednesday's flow count through the strait, because a second day above 17 million barrels turns Wright's number from a record into a rate, and the Kuwaiti and Bahraini air-defence logs, because the Guard's "no restraint" sentence was addressed to the two Gulf states that host the Fifth Fleet and Camp Arifjan, and Gulf equities heard it: the Tadawul fell 0.75 percent and Abu Dhabi 0.33, per Investing.com, on a day oil was still above 93.

3. The bid that cared

On Tuesday this desk wrote that Korea's 68.7 percent export growth was "the one bid in the world that did not care about Tuesday." It cared on Wednesday. The KOSPI fell 273.08 points, 3.99 percent, to 6,562.72, and the KOSDAQ 2.10 percent to 803.98, per Investing.com, confirmed by Seoul Economic Daily. Samsung Electronics fell 4.02 percent to 250,500 won and SK hynix 4.73 percent to 1,613,000, per the same report. The flow data says the reversal was underway before the index showed it. Foreign investors have net sold 9.84 trillion won of Korean stock since August 20 and institutions 4.06 trillion, against 15.09 trillion won of combined corporate buybacks and 2.30 trillion of retail buying on Wednesday alone, per Seoul Economic Daily. The buybacks were the floor. On Wednesday the floor was not enough.

Three things landed on the same morning. Statistics Korea's August consumer prices rose 3.1 percent from a year earlier, from 2.8 in July, with core at 3.4 from 2.6, per Seoul Economic Daily's report of the release; public-service prices rose 6.5 percent on a mobile-fee base effect from a 2025 discount, and excluding that effect the paper puts inflation near 2.5. The Bank of Korea has already moved: its base rate is 3.00 percent after a second consecutive 25 basis point rise on August 27, the first back-to-back hikes since early 2023, per TradingEconomics' record of the decision, with the next meeting on October 22. And Seoul Economic Daily reports that China's CXMT is producing HBM3E memory in small volumes, which is the first sentence in a competitive story that Samsung and SK hynix have not had to answer in this cycle. Add the American ten-year above 4.80 intraday and WTI's 5 percent Tuesday jump, the two causes the paper leads with, and the 4 percent is over-determined.

The won did not confirm the equity move. Dollar-won fell 0.83 percent to 1,361.73, per Investing.com, so the currency strengthened on the day foreign investors sold stock, which is what a central bank on back-to-back hikes buys. Two other mechanisms fit the same print and the desk cannot separate them: exporters converting a 209 percent chip-export month into won, or a carry unwind covering a short-won leg while the equity is sold; the Bank of Korea's smoothing data would settle it and the desk does not have it. The stake for the concentration trade the desk declined to card on Tuesday is that its two legs have separated: the export data is still running at 209 percent for chips, per Tuesday's trade-ministry release, and the equity that expresses it fell 4 percent on the discount rate. That is the AI-capex doubt in Kim Seok-hwan's sentence, applied to the supplier rather than the customer. What confirms the story is foreign net selling continuing through the Chuseok holiday week; what kills it is the buybacks absorbing Thursday's flow at a higher level than 6,562. The desk's line on Tuesday was written off one session and one export print, and the 9.84 trillion won of foreign selling since August 20 was available to qualify it. It is corrected below.

4. Three and a half percent at zero

Swiss consumer prices rose 3.5 percent from a year earlier in August, from 3.4 in July, above the 3.4 consensus, with core unchanged at 2.0 percent, per the Federal Statistical Office release as reported by Capital Economics, which calls it the highest reading since August 1993. The Swiss National Bank's policy rate is 0.00 percent, unchanged at its June 18 assessment, per the SNB's own dashboard. No other G10 central bank is holding a zero rate against a three-handle inflation print. The franc is doing the tightening instead: euro-franc at 0.9424 is within eleven pips of its 52-week high, and dollar-franc at 0.8144, per Investing.com. That is the pattern of a safe haven in a war, and it is the wrong tool for an energy shock priced in dollars, because the currency appreciation lowers imported goods prices in francs while the energy component keeps rising with the barrel.

The same arithmetic runs one border north. The euro area's flash inflation for August was 3.3 percent, per Eurostat's Tuesday release, and its unemployment rate 6.4 percent, per the same release calendar; the ECB's deposit rate is 2.25 percent, set on June 17, per the ECB's key-rates page, and the Governing Council meets on September 10. Germany's unemployed rose by 4,000 to 2.996 million in August, per the Federal Employment Agency, and its chief, Andrea Nahles, described "little momentum"; the politically watched three million line is 4,000 away. Handelsblatt's market lead has the DAX extending its losses as the gas price rises further, and its opinion page tells policymakers to "stop the reassurances, markets are already sounding the alarm." Into that the German two-year rose 3.5 basis points on Wednesday after rising more than the ten-year on Tuesday, which is the market telling Frankfurt what Tokyo told Ueda.

The stake is the September 10 decision, and the front end has already voted. A two-year Bund at 2.98 percent against a 2.25 deposit rate is consistent with roughly three quarter-point hikes over its life, term premium aside; the desk does not quote a Swiss two-year, and a zero policy rate against 3.5 percent inflation and a franc near its high leaves the SNB with no cheap option at its September assessment: hike into a strengthening currency, or hold and let the currency do a job it cannot finish. The Economist's framing, a "post-holiday shock" in European bond markets, is the softest of the week's reads. The desk's read is harder: the shock is the discovery that the energy print is not going to be looked through, in Frankfurt or in Bern, and the price of that discovery is being paid at the two-year point first. What confirms it is an ECB communication before September 10 that does not use the word "transitory"; what kills it is a Swiss core print above 2.0 in September, which would move the SNB from an energy story to a broad one and take the choice away.

5. More longs, not bigger ones

Bitcoin's spot ETFs gave back 236.46 million dollars on Tuesday, per HedgeCo's tally of issuer data, reversing Monday's 216.70 million inflow and marking the largest single-day withdrawal since July 31. BlackRock's IBIT accounted for 201.18 million of it, Fidelity's FBTC 43.67 million, and Bitwise's BITB took in 8.38 million, per CoinTurk's fund breakdown. Ether ETFs took in about 11 million on the same day and XRP funds 14.4 million. Bitcoin printed 78,067 dollars at the UTC turn on Wednesday and 76,719 at the European midday, down 1.72 percent, per CoinGecko; Binance's perpetual traded a 76,151.90 low, inside the top of the desk's 74,500 to 76,500 zone, per Binance's 24-hour ticker. Ether fell 3.17 percent to 2,377.90, solana 4.20 percent to 97.98, and the total market capitalisation is 2.601 trillion dollars with bitcoin's share at 59.04 percent, per CoinGecko's global endpoint.

The book did not shrink and it did not grow. Binance's live open-interest endpoint read 108,078 bitcoin at the European midday against 108,160 a day earlier, and its daily series 108,297 at Wednesday's UTC turn against 107,978 at Tuesday's, per the exchange; flat in coins either way, and down about 1 percent in dollars only because the price fell. What changed is the count, not the size. The global long-short account ratio, which counts accounts and not dollars, flipped from 0.99 on Tuesday to 1.29 on Wednesday, so 56.3 percent of accounts are long after a day the price fell almost 2 percent, per Binance's own series. The top-trader position ratio, which is size-weighted, printed 2.07, its eleventh consecutive daily print at or above two-to-one since August 23, per the same endpoint recomputed by this desk; Tuesday's issue counted eight days, and the series says ten, corrected below. The taker buy-sell ratio was 0.92, so sellers led the tape. Put together: more accounts long, no more size, and a tape that sold, which reads as longs being replaced by smaller and cheaper ones rather than added to. Ether's account ratio is 2.73, with 73.2 percent of accounts long. Funding stayed cheap through all of it: Binance's last bitcoin print was 0.0057 percent per eight hours against a seven-day average of 0.0082, and Tuesday's three prints were 0.0038, 0.0080 and 0.0080, per the funding-rate history. Bybit's is 0.0061, OKX's is at its 0.01 cap with a negative premium, and Hyperliquid's premium is within four ten-thousandths of zero on all three majors, per each venue's public endpoint. Deribit's implied-volatility index is 37.30, down from 37.74, per Deribit.

The stake is the entry mechanism the desk wrote down on Tuesday. It said a pullback into the zone driven by a forced flush of the reloaded long book would be a different entry from an orderly retracement, and that it would act on the second and not the first. Wednesday was the second kind, and then some: the retracement came with the crowd adding rather than being flushed. The desk's only 24-hour liquidation figure is a Gate.io aggregate of 51.68 million dollars across 15,340 accounts with the largest a 4.6 million ether short on Binance, per Gate.io's dashboard, and it treats that as a floor rather than a count because CoinGlass is not reachable from its collectors. On the options side Deribit's September 25 expiry holds 171,161 bitcoin of open interest at a put-call ratio of 0.51, with the 70,000 call the largest single strike at 10,972 bitcoin and the 70,000 put at 8,666; between the zone and that put the desk's own strike pull finds 4,528 bitcoin at 75,000, 1,741 at 72,000 and 567 at 73,000, per Deribit's book summary fetched at the European midday. The nearer expiries are better hedged than the monthly: Friday's September 4 expiry carries a put-call of 0.59 and September 11 0.98, so there is insurance into the payrolls window that the September 25 book does not show. The crowd is long in perpetuals, long in September calls, and funding-cheap, on a session the ETFs sold. What confirms a tradable retracement is a daily close inside 74,500 to 76,500 with the account ratio back at or below 1.10, its ten-day mean, and the top-trader ratio not above 2.07; what turns it into the first kind is open interest falling by more than 3 percent in a session with funding printing negative, which the desk would then not buy. Neither has happened.

6. The metal on the day of the missiles, again

Spot gold traded at 4,282.67 dollars overnight, its lowest in more than three weeks, and stood at 4,332.49 at the European midday, up 0.10 percent on the day from a 4,328.36 prior close, per Investing.com's spot quote; the December future is 4,378.19, down 0.41 percent, per the same vendor's futures page. On Tuesday the desk wrote that gold fell 2.4 percent on a day of American strikes because the dollar and the front end priced the metal and the war did not. Wednesday repeated the test with a heavier war and got the same answer. The ten-year real yield was unchanged at 2.44 percent on Tuesday while the ten-year breakeven rose 4 basis points to 2.35, per the Treasury's nominal and real par curves; the dollar index is 99.71, up 0.08 percent, per Investing.com. CBOE's gold-volatility index closed Tuesday at 25.43, up 4.2 percent, in the 24th percentile of its own 60-session range, per CBOE's daily series, so the options market is pricing a move without pricing a regime.

The demand that is supposed to be underneath the price was there and did not show. Central banks bought a net 51 tonnes in June with Poland and China leading and Russia and Turkey net sellers, per the World Gold Council's monthly tally; the People's Bank of China holds 76.08 million ounces, about 2,366 tonnes, after 21 consecutive months of reported purchases, per the Council's record of the bank's disclosures. Those are monthly numbers against a daily price, and Wednesday was the second daily price in a row to ignore them. Bloomberg's Apollo quote and the FT's gas lead both put the cause of the bond move in energy, and an energy-driven rise in nominal yields with real yields flat is a rise in inflation compensation, which is the condition under which gold is supposed to rally. It fell. The desk's read has to respect its own numbers: the five- and ten-year real yields, the standard measure of gold's opportunity cost, were unchanged, so the cost the metal is paying is not at those tenors. It is at the front, where the Treasury two-year at 4.39 is a 2026 high and the funds strip prices 4.00 to 4.25 by December, and in the dollar; the Treasury's inflation-protected curve starts at five years, so the short real rate the metal is actually being priced against is one the desk cannot read from a primary file. Gold volatility rising while the price fell, per CBOE, is what de-risking looks like, and gold volatility at the 24th percentile of its range against index skew at the 80th is its own divergence: gold options are not paying for the tail that index options are. The desk lists both beside the rates read rather than under it.

The stake is the desk's card. Its gold watch at one-of-five took its first kill close on Tuesday at 4,334.92 against a kill of two closes below 4,420. At the time of writing spot is 4,332, 88 dollars below the line, at a three-week low, with the New York session not yet open. The card resolves on tonight's close and the desk pre-registers the outcome rather than waiting to describe it: a close below 4,420 closes the card with no replacement and no extension, and a close above it keeps a view the desk has already said it gives little weight. A close below 4,420 with the ten-year real yield still at 2.44 would also say something about the desk's model and not only the card: the seller would be the front end and the dollar, not the tenor the desk had been watching, and tomorrow's issue will say so. One suspension applies: a confirmed strike on a Fifth Fleet or Camp Arifjan facility before the close suspends the kill for a session, because that is the scenario most likely to show the seller was never a rates seller. What would change the desk's mind about the metal, separately from the card, is a session in which real yields fall and gold falls with them, because that would say the seller is not a rates seller. What confirms the read is Friday's payrolls print moving the front end and the metal in opposite directions, as Tuesday and Wednesday did.

7. Sixty-six percent, and a governor who said it

Fed funds futures price the September 16 meeting at 65.9 percent for a move to 3.75 to 4.00 percent, from 67.9 the day before and 37.3 a week ago, per Investing.com's monitor, which reads CME's contract at 96.293 against a target range of 3.50 to 3.75 that has stood since December 11, 2025, per the Federal Reserve's open-market operations page. December's distribution now leans past one hike: 4.00 to 4.25 percent is the modal bucket at 41.1 percent, 3.75 to 4.00 is 36.9, 4.25 to 4.50 is 12.2, and no change at all is 9.8, per the same monitor. Governor Michael Barr spoke on Tuesday on the economic outlook, per the Federal Reserve's own notice, and Les Echos led its markets page with the reading that he had flagged a possible rate rise; the desk has not seen the full text and reports the Paris reading as a reading. Bloomberg's rates story carries State Street's Seder saying markets would react poorly if the Fed holds this month. CNBC's recap traces the repricing to Chair Warsh's Jackson Hole speech.

The data underneath it went the other way on Tuesday. ISM's manufacturing index for August printed 54.6 against a 55.2 consensus and 55.6 in July, with new orders down 3.0 points to 53.7 and employment down 1.6 to 51.2, while prices paid held at 71.1, per ISM's report as carried by PR Newswire. July job openings were 7.271 million against 7.3 million expected, from 7.182, per the Bureau of Labor Statistics' JOLTS release on Tuesday; the desk had that release on its Wednesday calendar, corrected below. July's PCE deflator is 3.7 percent with core at 3.3, per the Bureau of Economic Analysis, and July CPI 3.4 with core 2.5, per the BLS. Michigan's final August sentiment is 51.7 with one-year inflation expectations at 4.0 percent and five-to-ten-year at 3.3 for a third month, per the survey. Friday's payrolls consensus is 42,000 with unemployment at 4.1 percent and earnings up 0.2, per TradingEconomics' calendar; ADP's private estimate lands on Wednesday morning with 47,000 expected, and the Beige Book in the afternoon.

The stake is a hike into a manufacturing index whose orders and employment components both fell, and the two readings of that are the two readings of the whole week. One is that 71.1 on prices paid, unchanged for a second month, is the number a central bank cannot look through when the barrel is at 93 and European gas is at a three-year high, and 66 percent is the market agreeing. The other is that a 42,000 payrolls consensus is the number a central bank cannot hike into, and the one-in-three the market still gives to no change is the market hedging that. PredictIt's contract on a majority of the committee voting to raise by September 16 trades at 46 cents, per PredictIt's market data, twenty points below the futures; that venue is capped and thin and the desk reports the gap rather than trading it. What resolves the two readings is Friday. A payrolls print under 42,000 with earnings at 0.2 is the hold case; anything above the consensus with earnings at 0.3 or better takes 66 to 80.

8. Beijing taxes the foreign dividend and widens the outbound pipe

Caixin's manufacturing PMI for August printed 51.5, from 50.9 in July, the highest since February 2024, with export orders at a six-month high and new orders up for a fifteenth month, per the survey as reported by RTTNews on Tuesday. The CSI 300 fell 1.38 percent to 4,547.96 on Wednesday regardless, with Shanghai down 0.97 to 3,941.39 and Shenzhen down 1.88 to 13,611.55, per Investing.com. The divergence between the survey and the index has a policy explanation on Caixin's own front page. On Tuesday Beijing scrapped a 1994-era dividend tax break for foreign investors, effective immediately, and on Wednesday it closed the loophole that let insiders deduct a default 15 percent cost basis on post-lockup bonus-share sales, per Caixin. Two days, two measures, both of which take from equity holders at the margin.

The other side of the ledger is outbound. SCMP reports that Beijing distributed about 7 billion dollars of new QDII quotas, the licences that let domestic institutions buy foreign securities, and that the pension fund's offshore investment doubled to a record 86 billion dollars. The National Social Security Fund posted a 13.2 percent return, its best in five years, per Caixin. Dollar-yuan is 6.7215, up 0.02 percent, per Investing.com, and the one- and five-year loan prime rates have been unchanged at 3.00 and 3.50 percent for fifteen months, per the August 20 fixing. The People's Bank is not easing into a 51.5 PMI, and the government is taxing the equity that the PMI is supposed to support while widening the pipe for domestic money to leave. SCMP's markets lead puts the micro underneath it: BYD's August sales rose 17.8 percent from a year earlier and Leapmotor's 80.7, while the broader EV market slowed and smaller makers came under pressure. The incentive structure, stated plainly: closing the cost-basis deduction removes the payoff that rewarded timing bonus-share sales right after lockup, and scrapping the foreign dividend break raises the after-tax cost of holding for exactly the capital Beijing is at the same time letting domestic institutions leave to chase abroad.

The stake for a desk that watches flows is that the dividend tax removal changes the after-tax yield on every foreign holding of an A-share on the day the index is falling on a global discount-rate shock, and the QDII quota changes where the next marginal yuan of institutional money goes. The Hang Seng, which prices the same companies for offshore holders, fell 0.07 percent to 25,311.21 and the H-share index 0.15 to 8,450.10, per Investing.com, so the offshore market shrugged at both measures. What confirms the story is northbound outflow data through Stock Connect over the next week, which the desk's collectors could not retrieve for Wednesday; what kills it is a PBOC move on the reserve ratio or the seven-day rate before the October holiday, which would say the state wants the equity bid back. Bessent, per NHK World, told reporters the ball is in China's court on the Iran sanctions response, and told the G20, per Al Jazeera, to cut trade imbalances with China in mind. The dividend tax was Beijing's answer to a different question, and it arrived the same week.

9. One bug, five chains

An attacker drained 2.985 billion TAC tokens, about 7.5 million dollars, from the TAC network's bonded-token pool on Tuesday through the same Cosmos EVM integer-underflow bug that emptied 720 million MANTRA tokens, 3.6 million dollars by Mantra's own post-mortem, on Monday, per rekt.news. TAC halted its chain four hours after the drain began, by which time the funds had been bridged out; Mantra's halt came too late for 94.7 percent of the stolen tokens, which had already reached an exchange, per the same source. Rekt's Mantra entry adds that three more chains fell to the same flaw within days, and that Cosmos Labs had known of the bug since April and "apparently misjudged its severity." The desk's scandal collector found nothing else at scandal scale in the window: no exchange stress, no short-seller report, no Wells notice. The SEC's press page carries nothing crypto-specific dated September 1 or 2, per sec.gov; the CFTC resolved an action against a swaps trader for false statements in release 9291-26 on Tuesday, per cftc.gov.

Eleven million dollars across two chains is small next to the 116 million drained from Coldcard hardware wallets between July 30 and August 3, per TRM Labs and CoinDesk's coverage, and next to Term Labs' 8.5 million governance takeover on August 26, per rekt.news. The reason it earns a story is the structure. A bug in a shared execution layer, known to its maintainers for five months, was exploited on five chains in a week, and each chain's operators had to discover it by being drained. That is the definition of a sector risk rather than a token risk, and it is the kind that surfaces in bridge and validator risk premia before it surfaces in prices. The background item that still matters is BitMEX, which announced in July that it will close on September 23 and told users to close positions and withdraw, per CoinDesk; a 270 million dollar insurance fund and a proof-of-reserves statement cover the liabilities, per the same coverage, and the date is three weeks out.

The stake is where the next exploit lands. Rekt names five chains and the desk has two of them by name; the other three are the watch, because a Cosmos-EVM chain with a bonded-token pool and no halt yet is the pattern. What confirms the story is a sixth chain by Friday; what closes it is a Cosmos Labs patch announcement that names the affected release and a list of upgraded chains, which the desk would then print. The New York Times, per its Tuesday business feed, reports that a firm led by Donald Trump Jr. is leading a 1 billion dollar funding round for Polymarket. The desk records that the venue raising a billion dollars is one its collectors have been unable to reach for seven consecutive sessions, and returns to that in the prediction-market section.

10. The one index that rose

The Bovespa closed Tuesday at 179,722, up 2,304 points or 1.30 percent, on a day the S&P 500 fell 0.71, Toronto 1.23 and Mexico City 1.40, per Investing.com's closes. Brazil's second-quarter GDP, released by IBGE on Tuesday, rose 0.5 percent from the first quarter against a 0.4 consensus and 2.0 percent from a year earlier against 1.8, with agriculture up 2.8 percent on the quarter, services up 0.2, industry 0.1, and household consumption down 0.4, per IBGE's release as carried by the Rio Times. The Selic is 14.00 percent after a fourth consecutive 25 basis point cut on August 5, per the central bank's decision as reported by the same outlet, and dollar-real is 5.1556, flat on the session, per Investing.com. A 14 percent policy rate is the only G20 rate that makes a 4.79 percent Treasury look cheap, and Brazil is an oil exporter on a week the barrel is at 93. Both explain a market that rose when the others fell. Valor Econômico's own lead on Tuesday was not the GDP print but Banco Master, whose Vorcaro disclosures show the bank's "Dark Horse" vehicle exceeded what had been admitted, per Valor's headline; the desk has the headline and not the filing, and lists it as a watch on the Brazilian bid rather than a fact about it.

Canada is the mirror. The Bank of Canada decides on Wednesday, and all 35 economists in the Reuters poll expect a hold at 2.25 percent, with the bond market pricing about a 3 percent chance of a hike; National Bank and Scotiabank forecast hikes to 2.50 in October and 2.75 by December, per the poll's coverage, but that is forward guidance and not Wednesday's outcome. The decision had not been announced when this brief went to press and the desk does not report a result it has not seen. Toronto's composite fell 444.75 points to 35,825.73 on Tuesday with materials, technology and industrials the laggards, per Investing.com; dollar-Canada is 1.3924, up 0.21 percent. Mexico's IPC fell 916.07 to 64,514.25 and dollar-peso is 17.0068, up 0.17; Banxico is at 6.50 percent with its next decision on September 24, per TradingEconomics.

The stake is the Venezuelan deal's second-order effect on the region. A 65 billion barrel American concession next door changes the long-run supply curve that Petrobras and Pemex are priced on, and it does so in the same week that Brazil's own data beat and its rate is 14. The desk's read is that the Bovespa's Tuesday was a rates-and-oil hedge, and that the hedge holds only while the barrel holds above 90 and the Selic stays two digits; a dollar investor's hurdle for it is the 4.79 percent Treasury plus the real's carry risk, not the 14 percent Selic, and the desk does not card it at that hurdle. What confirms it is the Bovespa holding its gain on Wednesday with Brent at 93; what kills it is Wright's 17 million barrel figure becoming a daily rate, because the Brazilian bid is an oil bid and a strait that is open is an oil price that is lower. Australia's second-quarter GDP, up 0.4 percent on the quarter and 2.1 from a year earlier against 0.3 and 1.8 expected, per the Bureau of Statistics as reported by CNBC, belongs in the same story for the same reason: a commodity exporter with a 4.35 percent cash rate and a ten-year at 5.221 percent, per Investing.com, whose services imports fell 4.9 percent on Middle East travel disruption, per the same release. The ASX fell 0.97 percent to 8,978.40 anyway. Sydney priced the discount rate; São Paulo priced the barrel.

Crypto

Price and mood

ASSET	PRICE	24H	24H VOLUME	MARKET CAP
Bitcoin	$76,719	-1.72%	$29.87B	$1.540T
Ether	$2,377.90	-3.17%	$13.97B	$290.1B
BNB	$683.08	-0.52%	$0.85B	$91.0B
XRP	$1.32	-4.10%	$2.39B	$83.0B
Solana	$97.98	-4.20%	$3.34B	$57.3B
Hyperliquid	$81.16	-2.98%	$1.29B	$18.1B
Dogecoin	$0.0811	-2.32%	$0.57B	$12.6B
Chainlink	$11.02	-3.83%	$0.38B	$8.2B
Cardano	$0.1947	-2.38%	$0.34B	$7.3B
Avalanche	$7.12	-2.21%	$0.19B	$3.1B
Sui	$0.7138	-2.19%	$0.39B	$2.9B
Pepe	$0.00000341	-2.72%	$0.19B	$1.4B
Bonk	$0.00000293	-6.85%	$0.04B	$0.26B

CoinGecko, at the European midday on Wednesday. Total market capitalisation $2.601T, 24h volume $81.70B, bitcoin dominance 59.04%, ether dominance 11.12%.

Bitcoin printed 78,282 dollars at the UTC turn on Tuesday and 78,067 at the turn on Wednesday, then traded a 78,424 high and a 76,264 low on Binance spot before the European midday, per CoinGecko's two-day chart and Binance's 24-hour ticker; the perpetual's low was 76,151.90, per Binance futures. Ether's Binance range was 2,458.58 to 2,356.41 and solana's 102.59 to 97.38. Every asset in the table is lower on the day and the losses scale with beta: bitcoin minus 1.7, ether minus 3.2, solana and XRP minus 4, Bonk minus 6.9. CoinGecko's trending list has Pons and Cash Cat at the top, then bitcoin, Hyperliquid, Zcash, Uniswap and Arbitrum, which is a list that says retail attention has not left even as retail accounts got longer into the drop. Alternative.me's Fear and Greed index fell to 63 from 69, the second-lowest print in eight days after Monday's 62; the prior seven prints were 69, 62, 69, 68, 73, 71 and 65, all Greed, per the index's history. Sentiment has not left Greed in eight sessions while the ETFs have swung from a 216.70 million inflow to a 236.46 million outflow in two.

Flows

Tuesday's 236.46 million dollar net outflow from the US spot bitcoin ETFs is the largest since July 31 and reverses Monday's 216.70 million inflow, per HedgeCo; IBIT's 201.18 million was 85 percent of the day, FBTC's 43.67 the rest, and BITB's 8.38 million the only inflow, per CoinTurk. Ether ETFs took in about 11 million dollars for a twelfth consecutive positive day and XRP ETFs 14.4 million, per the same coverage. August was the bitcoin ETFs' best month of 2026, per Coinpaper's monthly tally, which makes the first session of September a reversal from a high rather than a continuation of a drain. Farside's flow table is not reachable from the desk's collectors and the per-fund figures above are secondary; the net figure is corroborated by CoinDesk's live-blog headline, which the desk could read but not open.

Derivatives

VENUE AND ASSET	FUNDING / 8H	OPEN INTEREST	OI IN USD	NOTE
Binance BTC	0.0057%	108,078 BTC	$8.31B	7d avg 0.0082%
Binance ETH	0.0019%	2.35M ETH	$5.63B	7d OI -2.7%
Binance SOL	0.0052%	8.69M SOL	$0.85B	7d OI +2.1%
Bybit BTC	0.0061%	55,967 BTC	$4.30B	long/short 50/50
Bybit ETH	0.0010%	805,796 ETH	$1.92B	n/a
OKX BTC	0.0100%	n/a	$2.26B	at cap, premium negative
Hyperliquid BTC	near zero	38,855 BTC	$2.98B	premium -0.000026
Hyperliquid ETH	near zero	913,024 ETH	$2.18B	premium +0.00016
Deribit BTC options	n/a	414,954 BTC	$31.9B	DVOL 37.30
Deribit ETH options	n/a	1.72M ETH	$4.1B	Sep 25 P/C 0.60

Each venue's public endpoint, fetched at the European midday. Dollar values at each venue's mark. Binance ether and solana open-interest changes are seven-day, from the exchange's daily history.

Bitcoin open interest across Binance, Bybit, OKX and Hyperliquid is about 17.8 billion dollars at Wednesday's marks, per the four venues' endpoints summed by this desk, and Binance's coin count is flat: 108,078 live against 108,160 a day earlier on the open-interest endpoint, and 108,297 against 107,978 at the UTC turns on the daily series. The positioning series are the story. Binance's global long-short account ratio went from 0.99 on Tuesday to 1.29 on Wednesday, its top-trader position ratio, which is size-weighted, printed 2.07 with 67.4 percent of top-trader position size long, and its taker buy-sell ratio was 0.92, per the exchange's futures-data endpoints; the top-trader series has printed at or above 2.0 on every day since August 23, eleven days, with a high of 2.26 on August 26. Ether's account ratio is 2.73 and solana's 1.99. Bybit's bitcoin book is split 2.15 billion long against 2.15 billion short, per Bybit. Deribit's bitcoin options carry 414,954 bitcoin of open interest: 29,053 into Friday's September 4 expiry at a put-call of 0.59, 15,450 into September 11 at 0.98, 171,161 into September 25 at 0.51, 36,265 into October 30 at 0.50 and 112,069 into December 25 at 0.56, per Deribit's book summary. The largest September 25 strikes are the 70,000 call at 10,972 bitcoin, the 85,000 call at 8,918, the 70,000 put at 8,666, the 90,000 call at 7,663 and the 100,000 call at 7,296. Ether's September 25 expiry holds 699,757 ether at a put-call of 0.60 and December's 493,341 at 0.37. Deribit's bitcoin volatility index closed at 37.30 against 37.74 a day earlier, per Deribit. The desk's collectors could not retrieve CME open interest or basis for Wednesday, a standing gap: every positioning series on this page is from an offshore venue with a retail-and-prop-heavy book, and the desk cannot see whether the regulated book agrees.

KEY LEVELS · BITCOIN

100,000	call wall, 7,296 BTC of Sep 25 open interest (Deribit)
90,000	call wall, 7,663 BTC (Deribit)
85,000	desk target; 8,918 BTC of Sep 25 calls (Deribit)
80,268	Aug 28 close, high of the nine-day window (CoinGecko)
78,424	Binance spot 24h high
78,067	Wednesday UTC turn (CoinGecko)
76,719	spot at press (CoinGecko)
76,500	top of the desk's long-bias entry zone

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76,152    Binance perpetual 24h low, inside the zone; spot low 76,264
75,000    put strike inside the zone, 4,528 BTC of Sep 25 open interest (Deribit)
74,500-76,500   desk long-bias entry zone; the perpetual wicked inside it on Wednesday, no daily close inside it yet
73,000    desk kill, daily close; 567 BTC of Sep 25 puts (Deribit)
72,000    1,741 BTC of Sep 25 puts (Deribit)
70,000    largest Sep 25 call and put strike, 10,972 and 8,666 BTC (Deribit)
68,000    1,940 BTC of Sep 25 puts (Deribit); below it no sourced level, the desk's liquidation-map collectors returned no dated cluster
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MARKETS

Traditional Markets

INDEX	TUESDAY CLOSE	CHANGE	PERCENT	MONDAY
S&P 500	7,631.47	-54.67	-0.71%	-0.33%
Nasdaq Composite	26,099.77	-271.11	-1.03%	-0.12%
Nasdaq 100	29,077.22	-379.75	-1.29%	+0.08%
Dow Jones Industrial	52,766.88	-419.02	-0.79%	-0.70%
Russell 2000	2,920.13	-36.32	-1.23%	-0.54%

Investing.com historical tables; each close reconciles to the prior close times the stated change. TradingEconomics' 7,637.18 for the S&P is a live contract quote, not the cash close. Futures before the New York open: S&P +0.04%, Nasdaq 100 -0.16%, Dow +0.24%, per Investing.com.

Tuesday was the third consecutive down session for the American indices, per CNBC's evening note, and the futures held near flat through the European morning with the S&P contract at 7,646, per Investing.com. The pre-market movers are an argument about the same question the Nikkei answered: Dell up about 10 percent after raising its full-year revenue and profit guidance on AI-server demand, MongoDB down about 13 percent after beating on both lines, 1.90 dollars a share against 1.61 and 772 million of revenue against 734, and Credo down about 9 on a gross margin of 68.0 percent against 68.3 expected, per CNBC's pre-market note and Investing.com. A market that punishes a beat on a three-tenths margin miss and rewards a guidance raise is a market that has stopped paying for growth it cannot see in the next quarter, and that is what a 4.79 percent ten-year does to a discount rate.

Rates

TENOR	SEP 1	AUG 31	AUG 28
3-month bill	3.92	3.91	3.90
2-year	4.39	4.34	4.34
5-year	4.55	4.49	4.48
10-year	4.79	4.75	4.73
30-year	5.27	5.25	5.22
10-year real (TIPS)	2.44	2.44	2.42
10-year breakeven	2.35	2.31	2.31
2s10s	40bp	41bp	39bp

Treasury daily par yield curves, nominal and real, in percent. The 30-year's 2026 high was 5.31 on August 17. Live at the European midday: 10-year 4.778%, 2-year 4.379%, per Investing.com. SOFR 3.66% for Tuesday, per the New York Fed.

The two-year's 4.39 percent and the ten-year's 4.79 are both 2026 highs, per the Treasury's daily curve, and the ten-year's 4.79 equals the 4.79 of January 13, 2025, the highest close of that year, so Tuesday's close is the highest since 2023 by the desk's read of the two annual files. At the ten-year point the move is in compensation and not in real rates: the ten-year real yield was 2.44 percent on both Monday and Tuesday and the breakeven rose 4 basis points to 2.35, the five-year breakeven 6 to 2.37, per the same curves. Flat real yields with rising breakevens is the signature of an inflation shock, which is what the FT's gas lead and Bloomberg's Apollo quote describe, and the Treasury's file is their evidence, not the desk's. The front end is where the hike lives: the two-year rose 5 basis points against the ten-year's 4, the long bond at 5.27 is 4 basis points under its August 17 high, and the curve flattened by a single basis point, 2s10s at 40 from 41, which is inside a day's noise. Read honestly, the Treasury curve says energy at ten years and a hike at two. The fed funds monitor at Investing.com reads the December contract at 96.020, an implied 3.98 percent, against a 3.625 midpoint of the current range, and that strip, not the inflation-protected file, is the desk's evidence for the hike.

Volatility

INDEX	SEP 1 CLOSE	AUG 31	1D	60-SESSION PERCENTILE
VIX	16.34	14.92	+9.5%	26th
VIX 9-day	14.33	12.34	+16.1%	25th
VIX 3-month	18.33	17.53	+4.6%	16th
VIX 6-month	20.56	20.17	+1.9%	n/a
VVIX	91.25	86.29	+5.7%	31st
VXN (Nasdaq)	21.96	20.18	+8.8%	16th
RVX (Russell)	20.65	18.80	+9.8%	28th
OVX (crude)	49.13	44.91	+9.4%	31st
GVZ (gold)	25.43	24.40	+4.2%	24th
VXTLT (long Treasuries)	12.39	11.89	+4.2%	70th
VXEEM (emerging markets)	23.76	24.34	-2.4%	n/a
SKEW	149.23	148.53	+0.5%	80th

CBOE's daily settlement files, which now carry the September 1 row that Tuesday's issue had to take from a delayed vendor quote; the 16.34 is confirmed. CBOE had not posted September 2 at press time. Live VIX 16.11 before the New York open, per Investing.com.

Every equity, energy and rates volatility index rose on Tuesday and every one of them is still in the lower third of its own 60-session range except two, per CBOE's files: SKEW at the 80th percentile and Treasury volatility at the 70th. The term structure stayed in contango, 14.33 at nine days, 16.34 at thirty, 18.33 at three months and 20.56 at six, so the market added a premium to the next two weeks without repricing the next six months. Emerging-market volatility fell to 23.76, which repeats Tuesday's asymmetry: the repricing runs through energy, developed equity and now rates, and skips emerging markets. The two indices at the top of their ranges are the two that price tails: SKEW measures the cost of out-of-the-money index puts, VXTLT the cost of protecting the long bond. The market is not paying for a crash. It is paying for the wings, and for the bond.

Commodities and currencies

INSTRUMENT	LEVEL	CHANGE	PRIOR CLOSE
Gold, spot	$4,332.49	+0.10%	4,328.36
Gold, December future	$4,378.19	-0.41%	4,396.40
Silver	$64.96	-0.63%	65.37
Brent	$93.82	-0.88%	94.65
WTI	$89.05	-1.30%	90.22
Copper	$6.607	+0.10%	6.601
Dollar index	99.713	+0.08%	n/a
Euro-dollar	1.1578	-0.12%	1.1592
Dollar-yen	159.70	-0.29%	160.17
Sterling-dollar	1.3489	-0.20%	1.3516
Dollar-franc	0.8144	+0.34%	0.8116
Aussie-dollar	0.7147	+0.03%	0.7145

Investing.com, live at the European midday. Brent minus WTI is 4.77 dollars. The prior closes shown for Brent and WTI are the vendor's continuous contract and differ from Tuesday's front-month settlements of 95.23 and 90-plus reported on Tuesday.

Dollar-yen at 159.70 is back below the 160 it closed above for the first time on Tuesday, per Investing.com, and the reason is in story one: a two-year JGB up 5 basis points on Ueda's sentence is the domestic yield the carry trade has been waiting to price. Nikkei Asia reports that Treasury Secretary Bessent and Governor Ueda met on currency volatility. The franc's strength against both dollar and euro is the other side of the Swiss inflation story. Copper is the only industrial print that rose. The Brent-WTI spread of 4.77 dollars is the market's price for Atlantic-basin crude being closer to Venezuela than to Hormuz.

Data on the tape

ISM manufacturing for August: 54.6 against 55.2 expected and 55.6 in July, prices paid 71.1 unchanged, new orders 53.7 from 56.7, employment 51.2 from 52.8, per ISM's report carried by PR Newswire. July job openings 7.271 million against 7.3 expected, from 7.182, per the BLS. July construction spending down 0.5 percent against flat expected, per TradingEconomics' calendar. July CPI 3.4 percent with core 2.5, per the BLS; July PCE 3.7 with core 3.3, per the BEA. Michigan's final August sentiment 51.7, up from a 51.0 preliminary and about 11 percent below a year earlier, one-year inflation expectations 4.0 percent from 4.2, five-to-ten-year 3.3 for a third month, per the survey.

The week ahead

DAY	EVENT	CONSENSUS	PRIOR
Wednesday	Bank of Canada decision	hold at 2.25%, 35 of 35	2.25%
Wednesday	ADP private payrolls, August	47,000	44,000
Wednesday	Factory orders, July	+0.4%	+0.6%
Wednesday	Fed Beige Book	n/a	n/a
Thursday	Initial jobless claims	203,000	205,000
Thursday	ISM services, August	54.0	54.3

Friday	Nonfarm payrolls, August	42,000	58,000
Friday	Unemployment rate	4.1%	4.1%
Friday	Average hourly earnings, m/m	+0.2%	+0.3%
Monday Sep 7	US markets closed, Labor Day	n/a	n/a
Sep 10	ECB decision	n/a	2.25% deposit
Sep 15	CLARITY Act cloture vote, 60 needed	n/a	n/a
Sep 16	FOMC decision	65.9% for 3.75 to 4.00	3.50 to 3.75
Sep 17	Bank of England decision	n/a	3.75%
Sep 17 to 18	Bank of Japan decision	Ueda: "on the table"	1.00%
Sep 23	BitMEX closes	n/a	n/a
Sep 24	Banxico decision	n/a	6.50%
Sep 25	Deribit monthly expiry, 171,161 BTC	P/C 0.51	n/a
Sep 29	RBA decision	n/a	4.35%

TradingEconomics' calendar for the US consensus figures; the Reuters poll via its syndicated coverage for the Bank of Canada; the ECB's own meeting calendar for September 10; each other central bank's calendar as retrieved by the desk's collectors. The BLS JOLTS release came on Tuesday, not Wednesday as Tuesday's issue had it.

> *The open-economy read, after Mundell and Fleming: with free capital mobility, a floating exchange rate is a small economy's release valve, not proof that it cannot hold its own rate. Switzerland is using the valve exactly as the model says, a zero rate stays credible only because the franc absorbs the pressure instead, and the relief is partial: a stronger franc lowers the franc price of a dollar barrel and does nothing to the dollar price, so imported energy inflation keeps arriving, diluted. Japan and Germany chose the other valve and let their front ends move, the two-year JGB up 5 basis points on a governor's sentence, the two-year Bund at 2.98 against a 2.25 deposit rate. Both valves buy time. Only a hike buys the credibility that stops the pressure coming back, and the Swiss National Bank's September assessment, with euro-franc at 0.9424, is where the model's bill is presented first.*

DATA

International Markets

ASIA-PACIFIC	WEDNESDAY CLOSE	CHANGE	POLICY RATE	FX VS USD	LATEST PRINT
Japan, Nikkei 225	64,325.64	-2.85%	BOJ 1.00%, Sep 17 to 18	159.70	JGB 10Y 3.003%, 2Y +5.3bp
Japan, TOPIX	4,081.60	-2.40%	n/a	n/a	Ueda: hikes on the table every meeting
China, CSI 300	4,547.96	-1.38%	LPR 3.00 / 3.50, 15 months	6.7215	Caixin mfg PMI 51.5, highest since Feb 2024
China, Shanghai	3,941.39	-0.97%	n/a	n/a	foreign dividend tax break scrapped Sep 1
China, Shenzhen	13,611.55	-1.88%	n/a	n/a	BYD Aug sales +17.8%
Hong Kong, Hang Seng	25,311.21	-0.07%	HKMA 4.00%	7.8426	H-shares 8,450.10, -0.15%

Korea, KOSPI	6,562.72	-3.99%	BOK 3.00%, Oct 22	1,361.73	CPI 3.1%, core 3.4%
Korea, KOSDAQ	803.98	-2.10%	n/a	n/a	foreign net sell 9.84tn won since Aug 20
Singapore, STI	5,744.11	+0.59%	MAS slope tightened Jul 27	1.2731	n/a
Australia, ASX 200	8,978.40	-0.97%	RBA 4.35%, Sep 29	0.7147	Q2 GDP +0.4% q/q, +2.1% y/y
India, Nifty 50	23,914.45	-0.59%	RBI 5.25%, Oct 7	94.867	Sensex 76,570.35, -0.49%

Investing.com closes, each reconciled to its prior close; the Nikkei confirmed by Yahoo Finance's daily history. Currency levels live at the European midday. Central bank rates from each bank's site where reachable and TradingEconomics where not.

EUROPE, AMERICAS, GULF	LEVEL	CHANGE	POLICY RATE	FX VS USD	LATEST PRINT
Germany, DAX (live)	25,855.89	-0.39%	ECB deposit 2.25%, Sep 10	1.1578	unemployed 2.996m, +4,000
Euro Stoxx 50 (live)	6,369.15	0.00%	n/a	n/a	HICP 3.3%, unemployment 6.4%
Stoxx 600 (live)	645.84	-0.25%	n/a	n/a	n/a
UK, FTSE 100 (live)	10,754.83	-0.32%	BoE 3.75%, Sep 17	1.3489	gilt 10Y 5.236%, 52-wk high 5.294 intraday
France, CAC 40 (live)	8,295.30	-0.08%	n/a	n/a	OAT 10Y 4.239%, spread to Bund 87bp
Switzerland, SMI (live)	14,334.50	0.00%	SNB 0.00%	0.8144	CPI 3.5%, highest since 1993
Brazil, Bovespa (Tue)	179,722	+1.30%	Selic 14.00%	5.1556	Q2 GDP +0.5% q/q, +2.0% y/y
Canada, TSX (Tue)	35,825.73	-1.23%	BoC 2.25%, decides today	1.3924	35 of 35 expect a hold
Mexico, IPC (Tue)	64,514.25	-1.40%	Banxico 6.50%, Sep 24	17.0068	n/a
Saudi Arabia, TASI	11,017.49	-0.75%	n/a	n/a	Aramco 26.06 riyals, -0.46%
Abu Dhabi, ADX	9,974.41	-0.33%	n/a	n/a	Dubai's DFM page not retrievable

European levels are live at the European midday, not closes. Americas are Tuesday's closes; the desk's vendor duplicated the prior-close field on those pages and the prior closes were back-derived from the stated point changes. Gulf levels are delayed quotes.

Three regions carry the signal. Japan, argued in story one, is where the global front-end move originated on Wednesday and where the equity market paid for it most, minus 2.85 on the Nikkei with the AI supply chain leading the losses. Korea, in story three, is where the flow data had been saying for two weeks what the index said in one day, 9.84 trillion won of foreign selling against 15.09 trillion of buybacks, per Seoul Economic Daily, with a central bank on back-to-back hikes and a currency that strengthened on the day the stocks fell. And Switzerland, in story four, is the one G10 economy holding a zero rate against a 3.5 percent inflation print, per the statistical office and Capital Economics, with a franc near its 52-week high against the euro doing the work the rate is not.

The cross-regional thread is the order of events. Tokyo priced the global rate first, at its open, on its own governor's words; Frankfurt priced it second, at the German two-year, before the ECB has said anything; London's ten-year made a 52-week high; and New York, which started the move on Tuesday, was flat in the futures at the time of writing. The rate moved east to west and the equity damage moved with it, worst in the markets furthest from the Fed. Singapore was the only major Asian index to rise, up 0.59 percent to 5,744.11, per

Investing.com; dollar-Singapore was flat at 1.2731, so the desk cannot credit the currency, and it has no sourced driver for the rise beyond the index's bank weighting on a day rates rose, which it offers as a hypothesis and not a finding. Hong Kong was flat because its rate is Washington's, 4.00 percent at the HKMA, and the move it was pricing had already happened on Tuesday.

> *The international tell: the American ten-year has been at or near 4.79 percent for one session; the Japanese two-year has gone from pricing one hike to pricing the next one in a single morning, and the pension money that Nikkei Asia says is coming home to 3 percent JGBs is a candidate seller of the Treasuries and gilts the rest of the world is pricing. Candidate, not proven: the Ministry of Finance's weekly flow table that would size it returned nothing to the desk's collector, and the Fed's custody data shows foreign officials still adding in the last week it covers. A US-centric read sees a bond selloff. A Tokyo read sees the start of a repatriation, and if it is one it does not end when the Fed decides; it is also the scenario in which the next sovereign stress is Japan-led rather than Fed-led, which the desk has not seen priced anywhere.*

RISK

Geopolitics and Energy

Iran and the strait

The overnight record, from ABC News' live coverage stamped in Washington time on Tuesday afternoon and evening: Ghalibaf's "false guarantees" line on passage through Hormuz; the Revolutionary Guard's statement that it "will no longer exercise restraint" toward Bahrain and Kuwait; the President's confirmation of strikes near the strait with a warning of heavier attacks on retaliation; Kuwait's army reporting missile alerts and air-defence interceptions after nightfall; Central Command's announcement that its strikes on air-defence sites, radar, maritime assets, mine-laying capabilities and communications sites were complete; the Energy Secretary's "over 17 million barrels" through the strait on Monday, "the record since before the conflict"; and the Guard's promise that the operation "will continue as a lesson against the Americans until they regret their crime." The National's live blog carries the strike on a wedding at Kuhistik near Sirik, 4 killed and 50 wounded, two seafarers killed in the strait, and Iran's claim of 7 Guard dead. The desk's collector reports Guard missiles at American positions in Bahrain, Jordan, Iraq and Kuwait, per ABC; the desk could confirm Kuwait's interceptions from the live blog and reports the other three as the collector's reading of the same page.

Gulf News' lead says the United States has cleared mines from the strait but that Iran may have found a new way to deploy them; that sentence and Central Command's "mine laying capabilities" target list are the same story from two sides. War-risk premiums on Gulf hulls were running at 3 to 10 percent of hull value in July against a quarter of a percent before the conflict, per The National's July report, which the desk cites as background rather than as Wednesday's rate. The Energy Secretary's figure is the one that moved the price, and it needs a second day to be a rate rather than a record. It also needs reconciling with the desk's own collector, which carries The National's earlier count of 3 transits on August 23 against a normal 85; a record against that baseline is a surge, and the desk has no independent tanker-tracking count to say which. The worst case is not on the tape and belongs on the page: a strike that lands inside Bahrain or Kuwait rather than at sea, or a confirmed mine hit on a laden tanker, would invert every oil-down sentence in this issue within a session, and the US cash market is closed on Monday for Labor Day inside this cycle, so crypto and currencies would carry a weekend escalation alone for a session before rates and equities could respond. The National's energy page adds Kurdistan's 230,000 barrels a day resuming after drone attacks and Qatar extending an LNG supply suspension to Italy through November, which is the FT's three-year-high European gas price with a cause attached.

Venezuela

The United States signed for access to 65 billion barrels of proven Venezuelan reserves and 100-year concessions on 17 oilfields, through North American Blue Energy Partners, with Chevron to expand its operations, per The National's report; Energy Secretary Wright travels to Caracas on Wednesday to sign with interim President Delcy Rodríguez, and the report notes that Nicolás Maduro is in American custody facing narco-terrorism charges in New York. The President's line: "I think it's going to have a tremendous impact, prices are going to come down." The National carries no dollar figure, no production timeline, and no analyst caveat; heavy crude in the Orinoco takes years and capital to lift, and the desk's collector reports a Pentagon Office of Strategic Capital stake that The National's article does not, so the desk does not print the percentage. The desk has The National's characterisation and no primary document, no licence number and no Treasury or State Department text, and a counterparty whose recognition is itself contested, so it treats the deal as announced rather than executed until it can cite the paper. The economics are in story ten: the deal is a long-run supply curve announced into a short-run price, and the market took a dollar off Brent for it.

Trade, sanctions and the rest

Treasury Secretary Bessent told the G20 to cut trade imbalances with China in view, per Al Jazeera, and told reporters the ball is in China's court on the Iran sanctions response, per NHK World. The National reports that the UK is ready to sign a Gulf trade deal within weeks after about four years of negotiation. The American tariff baseline is unchanged in the window: the 12.5 percent rate on Chinese goods dates from July 23, per the Tax Foundation's tracker, after the Supreme Court struck down the emergency-powers tariffs in February. AEI's September 1 Taiwan update, a single outlet's count, puts PLA sorties below 300 a month, under half the August 2024 and 2025 rates, and expects Xi Jinping to visit the United States this month ahead of November's APEC in China. Russia and Ukraine produced no market-moving item in the window, per the desk's collector.

RISK

Regulatory, Scandals and Crisis Events

The CLARITY Act's cloture vote is set for September 15 and needs 60 votes, per the motion filed by Majority Leader Thune on August 8 as reported by Disruption Banking; Galaxy Research puts the odds of enactment in 2026 at 30 percent, from 50 on August 1, and Polymarket traders had it at 17 percent before the venue went dark to this desk's collectors, per the Bitcoin Foundation's summary. PredictIt's contract on the act being enacted in 2026 trades at 50 cents, per PredictIt; that is one thin market against one analyst estimate and one venue the desk cannot currently see, and the desk weights Galaxy's 30 because it is the only one of the three with a stated method. The ethics fight has a specific object. Democrats have whipped against the bill because its ethics provision carves out the President's own crypto holdings, which CNBC puts at more than 1 billion dollars of proceeds since his return to office, about 580 million of it connected to World Liberty Financial, the family co-founded issuer of the USD1 stablecoin that sits in this issue's stablecoin table at 4.21 billion dollars, per CNBC's September 1 report. The incentive structure is a 60-vote threshold that hands a small bloc the power to extract provisions at no cost to itself while the crypto market alone pays the delay. The SEC's newsroom carries nothing crypto-specific dated September 1 or 2. The CFTC resolved an action against a swaps trader for false statements, release 9291-26, on Tuesday. Caixin's two Beijing items, the dividend tax and the insider-sale deduction, are the week's largest regulatory moves by capital affected and are in story eight.

EVENT	TYPE	ENTITY	AMOUNT	DATE	SCOPE
Cosmos EVM underflow	Hack	TAC	$7.5M	Sep 1	sector, five chains
Cosmos EVM underflow	Hack	Mantra	$3.6M	Aug 31	sector, five chains
Governance takeover	Hack	Term Labs	$8.5M	Aug 26	single protocol
Hardware wallet firmware	Hack	Coldcard	$116M	Jul 30 to Aug 3	5,200 addresses
Exchange closure	Wind-down	BitMEX	$270M fund	Sep 23	derivatives venue
False statements	Regulatory	swaps trader, CFTC 9291-26	n/a	Sep 1	single

rekt.news for the exploits, TRM Labs and CoinDesk for Coldcard, CoinDesk for BitMEX, cftc.gov for the release. Items before August 31 are background.

FLOWS

On-Chain and Whale Intelligence

Bitcoin's network is running at 917.7 exahash a second on the three-day average with difficulty at 125.81 trillion, per mempool.space; the next adjustment is 498 blocks away, about three and a half days, and is estimated at plus 0.67 percent, per the same source's adjustment endpoint. Fees are at the floor, 1 to 2 satoshis a byte for next-block inclusion with 84,375 transactions pending, per mempool.space. Foundry USA mined 26.1 percent of the week's 1,035 blocks, AntPool 18.4 and F2Pool 14.7, per the pool statistics. A network at a hashrate high with fees at the floor is a network whose security is being paid for by the subsidy alone, which is the miners' problem in the next paragraph.

Public miners sold more than 32,000 bitcoin this year, more than in all of 2025, in a period the source labels once as the first quarter and once as the first half, with MARA at 23,093 and Riot at 9,665, per CoinShares' data as reported by Bitcoin.com; hashprice is about 30 dollars per petahash a day against a break-even near 35 for older fleets, per the same coverage. Those are half-year figures and the desk does not have a September print for miner reserves. On holders, the desk's collector found the 30-day spent-output profit ratio near 1.01 in late August after 87 days below 1.0 in the first half, per CryptoQuant as reported by KuCoin and Newhedge, and wallets holding 100 or more bitcoin adding about 60,000 in August, per CryptoQuant as reported by Bitcoin.com. The same coverage carries the other side, one wallet distributing about 7,700 bitcoin, 577 million dollars, between August 19 and 22, and reads early-September whale behaviour as cautious, so the accumulation figure is not the whole flow. Exchange balances near 685,000 bitcoin, described as a 2026 high, appear in CoinTurk and KuCoin coverage without a date the desk could pin, and the same coverage puts stablecoin balances on exchanges near 64 billion dollars from 80 in April; the desk prints both as secondary and undated. CryptoQuant's own netflow series was last visible to the collectors for July 31.

Stablecoins are the cleanest flow print of the day because the desk recomputed them from DefiLlama's payload rather than taking a collector's summary. The float is 310.4 billion dollars, up 0.38 percent on the week and 1.48 percent on the month. Tether is 183.34 billion, up 229 million on the week and effectively flat on the month. USD Coin is 73.86 billion, up 319 million on the day and 1.90 billion, 2.64 percent, on the month. Ethena's USDe is 4.24 billion, up 2.9 percent on the day and 9.5 percent on the month, the fastest-growing of the majors, which is a basis-trade product growing on a week funding is at the floor and deserves a watch. USD1 is 4.21 billion, up 3.3 percent on the week. Paxos' USDG fell 3.7 percent on the day to 3.16 billion and PayPal's PYUSD 3.8 percent to 2.77 billion. DeFi's total value locked is 84.8 billion dollars, per DefiLlama's chain endpoint: Ethereum 47.9, Solana 5.65, BNB Chain 5.46, Base 5.43, Tron 5.26, Bitcoin 4.10, Hyperliquid 1.49 and Arbitrum 1.37. Ether's beacon-chain validator data needed a key the desk does not hold. No local order-flow signal files were present.

FLOWS

Sovereign and Institutional Flows

The Federal Reserve's weekly statement for the week of August 26 shows securities held in custody for foreign official and international accounts at 2,803.6 billion dollars, up 7.18 billion on the week, of which Treasuries were 2,601.9 billion and agency debt 201.7, per the H.4.1 release; the Fed's own balance sheet fell 14.8 billion to 6,730.9 billion. Foreign officials added Treasuries in the week before the selloff. The Treasury's international capital data for June was not retrieved by the desk's collector, which returned a stale 2025 table that the desk has excluded. The IMF's reserve-composition data is unchanged from its April update: the dollar 56.77 percent of allocated reserves, the euro 20.25, the yen 5.56, sterling 4.64, the yuan 1.95, per the Fund's COFER release.

Two institutional flows in the press are larger than anything in the official data. Nikkei Asia reports Japanese corporate pensions rotating back into domestic bonds at a 3 percent ten-year, which is the repatriation flagged in the international tell above. SCMP reports China's pension fund doubling its offshore investment to a record 86 billion dollars alongside about 7 billion of new QDII quota. One country's institutions are coming home to a higher domestic yield; another's are being let out. Both are policy-shaped and both move Treasuries at the margin, in opposite directions. Norges Bank Investment Management's last release is its August 12 half-year report, fund value 22,683 billion kroner and a 9.4 percent return, per NBIM; nothing newer. The Gulf funds' pages were not reachable and the desk found no disclosed position change in the 48-hour window. Central-bank gold is in story six: 51 net tonnes in June per the World Gold Council, the PBOC at about 2,366 tonnes on a 21-month streak. No sovereign rating action was found for the window.

> *Custody holdings rose 7.18 billion dollars in the week to August 26 and the ten-year rose 6 basis points in the four sessions since. If foreign officials were still adding into the selloff, the seller is domestic or private, and the desk has one named candidate and no flow data: Nikkei Asia's Japanese pension fund that can now earn 3 percent at home without the currency risk. Custody is weekly and lagged, the pension line is one sentence, and the desk holds the inference at that weight.*

DATA

Prediction Markets

Polymarket's public API and Kalshi's returned no response within 20 seconds on every request the desk's collector made, a seventh consecutive session, per the collector's log; the same week, per The New York Times, a firm led by Donald Trump Jr. is leading a 1 billion dollar funding round for Polymarket. The desk reports the two facts side by side and draws no conclusion beyond the obvious one, that the venue's public data and its private valuation are moving in opposite directions. The table below is PredictIt and Manifold, thinner venues with position caps and play money respectively, calibrated with the same formula the desk applies to Polymarket, and read for direction rather than for edge.

CONTRACT	VENUE	RAW YES	CALIBRATED	EDGE	VOLUME
A majority of the Fed votes to raise rates by September 16	PredictIt	46%	44.8%	-1.2pp	n/a
CLARITY Act enacted in 2026	PredictIt	50%	50.0%	0.0pp	n/a
US recession in Trump's second term	Manifold	41.8%	39.3%	-2.5pp	294,698
Bitcoin below $55,000 in 2026	Manifold	23.0%	17.0%	-6.0pp	76,429
Bitcoin above $400,000 before below $40,000	Manifold	32.0%	27.1%	-4.9pp	63,803
Bitcoin $120,000 in 2026	Manifold	10.0%	5.3%	-4.7pp	33,422
Bitcoin $55,000 before $85,000	Manifold	20.2%	14.2%	-6.0pp	22,347
Bitcoin higher than $88,888 at end of 2026	Manifold	35.1%	30.9%	-4.2pp	7,430
Bitcoin above $80,000 by end of September	Manifold	73.1%	78.7%	+5.6pp	288
US recession during 2026	Manifold	6.8%	3.2%	-3.7pp	11,257
Democrats win the House in 2026	PredictIt	84%	89.8%	+5.8pp	n/a

PredictIt's market-data feed and Manifold's search endpoint, fetched at the European midday. Calibration per the desk's Polymarket research: $p^* = p^{1.31} / [p^{1.31} + (1-p)^{1.31}]$. Manifold volumes are in play-money units. No Iran, Hormuz, shutdown or Fed-chair contract surfaced on either venue.

The one disagreement worth the ink is the Fed. PredictIt's 46 cents against the futures' 65.9 percent is a twenty-point gap on the same event two weeks out. The venue is capped at 850 dollars a position and its Fed contract is one of its thinnest, so the desk reads the gap as a measure of how far a retail political crowd is behind a rates desk rather than as a mispricing, and it cuts one way: if the political crowd is right, the futures have 20 points to give back and the front end with them. Manifold's bitcoin contracts lean bearish at the extremes and bullish near the price, and the desk reads that as horizon rather than conviction: the 55,000 before 85,000 question at 20 percent and below 55,000 in 2026 at 23 are distant thresholds where a play-money crowd's long-shot bias pays for drama, and 120,000 in 2026 at 10 percent is the same bias on the other side. The only near-the-money contract, 80,000 by the end of September at 73 percent, is modestly bullish and has 288 units of volume, which is not evidence of anything either. The recession contract at 41.8 percent for the presidential term is the one number a thin venue has that a thick one does not, and it has 294,698 units behind it.

ANALYSIS

Sentiment, Positioning and Cross-Asset Linkages

INDICATOR	VALUE	SIGNAL	7-DAY TREND	CONTEXT
Fear and Greed	63	Greed	73 to 63	second-lowest in eight days, all eight Greed
BTC funding, Binance	0.0057%	cheap	0.0082% avg	Tuesday's 0.0038% was the floor
Global L/S accounts, Binance BTC	1.29	longer	0.92 to 1.29	flipped from 0.99 on a down day
Top-trader position ratio, Binance BTC	2.07	crowded long	2.02 to 2.26	eleventh day at or above 2.0
ETH L/S accounts, Binance	2.73	crowded long	n/a	73.2% of accounts long
Taker buy/sell, Binance BTC	0.92	net selling	n/a	sellers led the tape
BTC open interest, Binance	108,078 BTC	flat	105,594 to 108,762 daily series	108,160 a day earlier; no deleveraging
ETF flow, one day	-$236.5M	outflow	+$216.7M prior	largest since Jul 31
BTC dominance	59.04%	steady	n/a	alts fell harder
Deribit Sep 25 put/call	0.51	call-heavy	n/a	171,161 BTC of OI
DVOL	37.30	quiet	37.74 prior	crypto vol did not join
Stablecoin float	$310.4B	growing	+0.38%	USDC +$319M on the day
Hashrate	917.7 EH/s	high	n/a	fees at 1 to 2 sat/vB
VIX	16.34	low, rising	14.51 to 16.34	26th percentile of 60 sessions
SKEW	149.23	elevated	144 to 149	80th percentile

Alternative.me, Binance's futures-data endpoints, HedgeCo, CoinGecko, Deribit, DefiLlama, mempool.space, CBOE. Wednesday's values are at the European midday; CBOE's are Tuesday's closes.

The positioning read is the one the desk has been writing for a week with one new fact. The new fact is that the retail account ratio flipped long on the day the price fell, from 0.99 to 1.29, per Binance, while the top-trader ratio held at 2.07 and open interest held at 108,000 coins. On Monday the desk described a crowd that reloaded into a catalyst without paying for it. On Wednesday the crowd added to the reload on a session the ETFs sold 236 million dollars and the taker ratio said sellers led. Funding at 0.0057 percent says nobody is being charged for the position. That is the consensus trap, and it is a trap with a specific shape: the long book is large by count, cheap, and hedged in the monthly only in pieces, 4,528 bitcoin of puts at 75,000, 1,741 at 72,000, 567 at 73,000 and 8,666 at 70,000 against 171,161 of open interest, per Deribit; the weekly and September 11 expiries carry put-calls of 0.59 and 0.98, so the payrolls window is insured and the fortnight after it is not. The desk's own conditional lean sits in the same zone the crowd is defending, and what separates it is only the entry rule and the kill; it says so rather than pretend the zone is contrarian. Two things the desk cannot see: CME's book, the one venue with a regulated and institutional participant base, so it cannot tell whether the trap is market-wide or offshore-retail only, which decides how violent a Friday unwind would be; and a trusted liquidation count, though it does have the scale of the last real one, 3.024 billion dollars and 171,045 accounts in 24 hours on August 20, per CoinGlass as carried by the desk's collector. Deribit's volatility index at 37.30 says the options market does not think Friday matters before September 25. The desk thinks both sides of Friday hurt this book: a payrolls miss under 42,000 is the hold case for the Fed and the sell case for a market that has priced bitcoin off the discount rate all week, and a beat with earnings at 0.3 takes the front end to 80 percent and the book with it. Only a print near consensus does not.

> *Desk note. Four things the desk checked itself for today. It opened Tuesday's frame at the top of the lede and re-cut the lede to open on Wednesday's data, and it re-read its own Treasury file after finding it had cited the energy camp's evidence as its own; the two-year point carries the hike case now and the ten-year the energy case, as the rates section says. It classified Wednesday as a continuation of Tuesday's front-end thread and the risk in that is confirmation: Bloomberg's Apollo quote and the FT's gas lead both say the cause is energy, and an energy shock is a thing central banks can look through. The desk's answer is that the two-year JGB and the two-year Bund both rose more than their ten-years, which is a hike being priced, and it prints the dissent rather than burying it. It wrote Korea as a one-session reversal and the flow data says the foreign selling has been running since August 20; the story is written off the flow, not the day. And it gave a story to two exploits worth 11 million dollars while the structural on-chain items, exchange balances at a 2026 high and 32,000 bitcoin of miner sales, are secondary and undated; the exploits earned the story on structure, the balances did not earn a number.*

Cross-asset linkages

SOVEREIGN 5-YEAR CDS	BP	CHANGE	ROW DATE
United States	33.29	+0.01%	Aug 31
Germany	7.26	-0.01%	Aug 31
France	32.74	0.00%	Aug 31
Italy	30.87	0.00%	Aug 31
United Kingdom	18.11	+0.13%	Aug 31
Japan	25.59	-0.12%	Sep 1
China	34.99	+1.16%	Sep 1
Brazil	121.42	+0.28%	Sep 1
Mexico	79.05	+1.27%	Sep 1
Saudi Arabia	56.23	-0.30%	Aug 31
Turkey	217.50	+0.06%	Aug 31
South Africa	113.44	-0.44%	Aug 31

Indonesia	84.07	-0.07%	Aug 31

Investing.com's world CDS table; the change column is the vendor's percentage change. Most developed rows are dated August 31, one session before the volatility repricing.

CURVE	2-YEAR	10-YEAR	30-YEAR	2S10S	2S30S
Germany	2.980	3.369	3.831	+39bp	+85bp
Japan	1.863	3.003	4.159	+114bp	+230bp
United Kingdom	4.610	5.236	5.868	+63bp	+126bp
United States (Sep 1)	4.39	4.79	5.27	+40bp	+88bp

Investing.com live at the European midday for the non-US curves; Treasury par curve for the US. Spreads to the Bund at ten years: France +87bp, Italy +84.5bp, Spain +45.5bp. Daily changes: Germany 2-year +3.5bp, Japan 2-year +5.3bp and 30-year -2.5bp, gilt 10-year +1.1bp, France +3.9bp, Italy +3.4bp.

The second-derivative signals agree with each other and disagree with the first-derivative price in one place. Credit-default swaps did not move: the developed rows are flat to a tenth of a percent and dated a day before the volatility jump, per Investing.com, so the sovereign-credit market has not priced what the rates market has. Mexico's 1.27 percent widening and China's 1.16 are the only moves, and both are Tuesday rows. The curves are the signal, and they are not equal. Japan's flattened from the front, the two-year up 5.3 and the thirty-year down 2.5. Germany's two-year rose 3.5 against a ten-year up 3.1, which is a front-end rise and barely a flattening. The Treasury curve flattened by a basis point with the real yield unchanged. One curve flattened decisively and two front ends rose with their long ends close behind, which is a synchronised front-end rise and one true flattening, not three, and it is happening with sovereign credit asleep, equity volatility in the bottom third of its range, and crypto volatility down on the day. The one thing that has not been priced is the thing that would connect them: a credit spread. The desk has no route to high-yield or investment-grade spreads or to the emerging-market index, and has said so for four sessions; it repeats it because a front-end repricing with flat real yields and flat credit is a regime that ends either with credit widening or with the front end reversing, and the desk cannot see the first.

> *Where the tape disagrees with itself: the rates market says a hike is coming in three currencies, the sovereign-credit market says nothing has changed, the equity-options market says the next two weeks are dearer and the next six months are not, and the crypto options market says September 25 is a call-heavy expiry with a 70,000 put as its only insurance. One of those four is going to be wrong by September 16, and the cheapest of them to have been wrong is the one that has not moved.*

RESOLUTION

The Bottom Line

1. The front-end repricing that was American on Tuesday was everyone's by the Tokyo close on Wednesday: the two-year JGB up 5.3 basis points on Ueda's "every meeting," the two-year Bund up 3.5, gilts at a 52-week high, the Treasury two- and ten-year at 2026 highs. Japan's curve flattened decisively; the German and American ones barely changed shape, and at the ten-year point the Treasury's own file reads as energy, not hikes. The front ends said hike, the

ten-year said energy, and sovereign credit said nothing. The desk's Tuesday thread is a continuation at a larger scale, with the dissent printed.

2. The assets that paid were the ones valued on a discount rate they had stopped watching: the Nikkei down 2.85 with SoftBank down 6.4, the KOSPI down 3.99 with 9.84 trillion won of foreign selling behind it, gold at a three-week low, and 236 million dollars out of the bitcoin ETFs. The Bovespa, at a 14 percent policy rate with a barrel at 93, was the index that rose.

3. The war escalated and its own commodity fell. The Guard ended its restraint toward Bahrain and Kuwait and Brent lost 0.9 percent, because 17 million barrels moved through Hormuz on Monday and Washington bought 65 billion Venezuelan barrels on paper. The desk's Brent short died on Monday and was proven right on Wednesday, one session late, and it stays dead: none of the three conditions for reopening it is met.

4. More bitcoin accounts got long into the drop, and no more size did. Retail accounts flipped from 0.99 to 1.29 long by count, top traders held two-to-one by size for an eleventh day, open interest held at 108,000 coins, funding stayed at 0.0057 percent, sellers led the tape and the ETFs sold. The perpetual wicked into the desk's entry zone; no daily close printed inside it. The entry the desk described on Tuesday, an orderly retracement rather than a forced flush, is the kind that arrived, and the rule is now a close inside the zone with the account ratio back at or below 1.10, its ten-day mean, and the top-trader ratio not above today's.

5. The gold card takes its second kill close tonight unless spot recovers 88 dollars from a three-week low with the New York session not yet open. The desk pre-registers the outcome: below 4,420 closes it with no replacement.

6. Switzerland is holding a zero rate against 3.5 percent inflation, the highest since 1993, and letting the franc do the tightening; the euro area is holding 2.25 percent against 3.3 with a two-year Bund at 2.98 and a decision on September 10. The currency channel buys time and the rate channel buys credibility, and both banks are about to be asked for the second.

7. The hurdle rose again. Cash pays 3.50 to 3.75 percent, December prices 4.00 to 4.25 as its modal outcome, and the ten-year pays 4.79. Nothing on this page at two-of-five conviction clears that for new capital, and the desk adds no view into an ADP print in hours, a payrolls print in two days and a strike cycle in which the Guard has named the two Gulf states that host the fleet. Counted honestly, what survives is one view, the American rate path expressed through a bitcoin zone that has been touched and not closed, and a monitor on the yen that is the trigger for that view's second kill; the gold card, the bitcoin zone and the oil-holds read behind the Bovespa are one bet on the same rate path, and the desk names them as one rather than three. The gold card is a session from closed and the desk will say so tomorrow rather than describe a close it has not seen. Two gaps deserve a line. The desk still has no credit spread, and a front-end repricing with flat real yields and flat credit is a regime it can only see two-thirds of. And it has no liquidation figure it trusts below 76,000; the Gate.io aggregate of 51.68 million dollars is a floor, not a count.

What this desk got wrong

Four things, stated plainly. First, Tuesday's issue said the ETFs "took in 142 million" on the session the crowd reloaded; the issuers' data for Tuesday shows a 236.46 million dollar outflow, and Monday's inflow was 216.70 million, so the 142 figure matched neither day and the sentence was wrong in sign. Second, it counted the Binance top-trader ratio at two-to-one for "an eighth day"; the exchange's own daily series shows the streak began on August 23, which made Tuesday the tenth day and Wednesday the eleventh. Third, it called Korea's export bid "the one bid in the world that did not care about Tuesday" off one session and one trade print, when 9.84 trillion won of foreign net selling since August 20 was on the record and would have qualified the line; the KOSPI fell 3.99 percent the next day. Fourth, it listed the JOLTS release on Wednesday's calendar; the Bureau of Labor Statistics published it on Tuesday at 7.271 million, and the desk missed it as a same-day print.

WATCH · BITCOIN · CONVICTION ●●○○○

Status ACTIVE, zone touched · long bias only on a daily UTC close inside $74,500 to $76,500 with Binance's account ratio at or below 1.10, its ten-day mean, and its top-trader ratio not above 2.07 · target $85,000 · kill: daily close below $73,000 · second kill: USD/JPY reversing below 155 within a week on rising JGB front-end yields

The perpetual traded 76,151.90 on Wednesday, inside the top of the zone, and spot 76,264; the UTC day closed at 78,067 and no daily close has printed inside the zone, so there is no position and this remains an analytical lean that has never been a live position. The mechanism the desk wrote on Tuesday is now the test: it said it would act on an orderly retracement and not on a forced flush, and Wednesday's retracement was orderly to the point of the crowd adding, with open interest flat at 108,000 coins, top traders at 2.07 for an eleventh day, retail accounts flipping to 1.29 long and funding at 0.0057 percent. That is the right kind of pullback with the wrong kind of company, and the desk adds a condition rather than pretending the rule covered it: a close inside the zone qualifies only if the account ratio is back at or below 1.10, its mean over the last ten prints, and the top-trader ratio is not above today's 2.07, because a zone reached by a crowd still adding by count or by size is a zone that has not been offered yet; the desk sets the bar from the series' own history rather than from today's print, so that the print cannot write its own test. The reward-to-risk is nominal and depends on the entry the rule produces: 3.8 to one from the zone's midpoint, 2.4 to one from its top at 76,500, which the rule permits, against a 73,000 kill that sits two percent under the zone's floor in an asset whose Wednesday range was 3.5 percent; a stop inside a day's noise gets hit by noise as often as by thesis failure, and a crowded book breaks in a cascade rather than a line, so any sizing has to price the stop as a coin flip rather than a floor. The insurance below is thin and it is sourced: 4,528 bitcoin of September 25 puts at 75,000 inside the zone, 567 at the 73,000 kill, 1,741 at 72,000 and 8,666 at 70,000, per Deribit at the European midday, with nothing the desk can source under 68,000. The second kill did not trigger. Dollar-yen is 159.70, back below 160 on a two-year JGB up 5 basis points, which is the mechanism the second kill was built for beginning to turn, at a level 4.7 yen from the trigger; the desk watches it rather than moves it. A 155 print counts only if the two-year JGB is still rising into it; a yen that reverses on intervention with the front end flat is the disorderly version, which the kill was not built for and which the desk would treat as a suspension rather than a trigger. A laden-tanker loss or a confirmed mine strike in the strait suspends the entry regardless of level. Friday's payrolls is the catalyst on which the zone is most likely to be either closed inside or blown through, and the desk will not front-run it. The September 15 cloture vote on the CLARITY Act, which the desk's cited odds put at 70 to 83 percent to fail, sits inside the card's window and is a dated sentiment risk the card carries from today.

Kills the view: a daily close below 73,000, or dollar-yen below 155 inside a week on rising JGB front-end yields. Research and commentary; an analytical lean, never a recommendation.

WATCH · GOLD · CONVICTION ●○○○○

Status SECOND KILL CLOSE PENDING · Tuesday closed $4,334.92 against a kill of two closes below $4,420 · spot $4,332 at press, day low $4,282.67 · resolves on Wednesday's close

The card survives if and only if Wednesday closes above 4,420, and spot is 88 dollars below that line at a three-week low with the New York session not yet open. The desk pre-registers the outcome rather than waiting to narrate it: a close below 4,420 closes the card with no replacement and no extension, and the desk will report the close in Thursday's issue rather than describe one it has not seen. One suspension: a confirmed strike on a Fifth Fleet or Camp Arifjan facility before the close suspends the kill for one session, because that is the one scenario that would show the seller was never a rates seller. The mechanism that killed it is the same one that killed it on Tuesday, restated with Wednesday's evidence. The ten-year real yield was 2.44 percent on Monday and Tuesday, the breakeven rose 4 basis points, the dollar index is 99.71, and the metal fell through a war escalation and a 51-tonne central-bank buying month. The five- and ten-year real yields were flat, so the cost the metal is paying is at the front end and in the dollar, tenors the Treasury's inflation-protected curve does not cover; a close below 4,420 with the ten-year real yield still at 2.44 would say the desk was watching the wrong tenor, and tomorrow's issue will say so. What would change the desk's mind about the metal, separate from the card, is a session in which real yields fall and gold falls with them; that would say the seller is not a rates seller and the desk would have to find out who it is.

Kills the view: a second close below $4,420, expected tonight. Research and commentary; an analytical lean, never a recommendation.

MONITOR · USD/JPY · NO BIAS

Status ACTIVE · 159.70 at press, back below 160 after Tuesday's first close above it at 160.17 · the trigger mechanism for the bitcoin card's second kill, listed as a monitor rather than a graded view

The yen strengthened 0.29 percent on the session Ueda said every meeting is live and the two-year JGB rose 5.3 basis points, per Investing.com and Nikkei Asia. That is the first session in which the two legs of the second kill, rising JGB yields and a reversing yen, moved together, and it moved them 4.7 yen short of the 155 trigger. Nikkei Asia reports Bessent and Ueda met on currency volatility, and Japanese corporate pensions rotating into 3 percent JGBs, which is the repatriation flow that would carry the yen the rest of the way if it continues. The thirty-year JGB fell 2.5 basis points on the day, so the disorderly long-end scenario the desk logged as unhedged on Tuesday did not advance; the front end did. The desk keeps this as a monitor because a yen that reverses on a hike is the orderly version of the scenario and the bitcoin card's kill is built for it; a yen that reverses on intervention is the disorderly version and is not. There is a third path: a September 17 to 18 meeting that holds after "every meeting is live" unwinds Wednesday's yen leg on disappointment rather than delivery, and the desk lists it beside the other two.

Watched for: a daily close below 155 within a week of the first close above 160, with the two-year JGB still rising into it. Research and commentary; not a graded view.

SHORT BIAS · BRENT · CLOSED, KILLED MONDAY

Kill was a close above $91 · Monday 91.07 · Tuesday 95.23 · Wednesday 93.82 at press · no replacement

The view was closed on Tuesday's issue and Wednesday's fall does not reopen it. The conditions the desk set for a short bias to return were a close below 91, crude volatility under 45, and three sessions without a Central Command statement; Brent is 93.82, OVX closed Tuesday at 49.13, and Central Command issued one overnight. Zero of three, and the desk adds a fourth that is not a price: a confirmed strike on a Fifth Fleet or Camp Arifjan facility forces a same-day reassessment regardless of level. The desk records that the fade it was built to catch arrived one session after it was buried, and that this is what a kill discipline costs: the desk pays the whipsaw to avoid holding a short through a strike cycle, and on Wednesday it paid it. No capital was at risk; this was an analytical lean, as every card on this page is.

Review Panel

Fourteen reviewers read the draft. 100 approvals, 54 flags, 0 rejections across eleven sections. A denotes approve, F denotes flag, R denotes reject. The Press Digest vote is folded into the Lede column and the Scandals vote into Reg.

REVIEWER	LEDE	STORIES	CRYPTO	TRADFI	INTL	GEO	REG	FLOWS	PRED	SENT	BL
Macro strategist	F	F	A	A	F	A	A	F	A	F	F
Crypto native	A	F	F	A	A	A	A	F	A	F	A
Risk manager	A	A	A	A	A	F	A	A	A	A	A
Devil's advocate	F	F	F	A	F	F	A	A	A	F	F
Geopolitical analyst	A	F	A	A	A	F	A	A	A	A	A
Regulatory expert	A	F	A	A	A	A	F	A	A	A	A
Institutional flow	A	F	F	A	F	A	A	F	A	F	A
Technical analyst	A	A	F	A	A	A	A	A	A	F	F
Sentiment analyst	A	F	F	A	A	A	A	A	A	F	A
Portfolio strategist	A	F	A	A	F	A	A	A	A	A	A
Economist	A	F	A	A	F	A	F	A	A	A	A
Bias auditor	F	F	F	A	A	F	F	A	A	F	F
International desk	A	F	A	A	F	A	F	A	A	F	A
Sovereign and cross-asset	F	A	A	A	F	A	A	F	A	F	F

Changes made after the panel. The rates paragraph, story one, the cross-asset section and the first Bottom Line item were rewritten after four reviewers showed that a flat real yield with a rising breakeven is the energy camp's evidence and not the desk's, and that only Japan's curve truly flattened; the hike case now rests on the two-year points and the funds strip, with the energy reading printed beside it. The lede was re-cut to open on Wednesday's data rather than Tuesday's frame. Story five was retitled and rewritten to separate a count-weighted account ratio from a size-weighted book: more accounts long, no more size, a sell-led tape. The bitcoin card's entry gate was reset from today's print to the series' ten-day mean, a top-trader cap was added, the reward-to-risk was restated at the worst permitted entry, the sub-zone put strikes were sourced from Deribit's book, the yen second kill gained an intervention check, and the September 15 cloture vote was added as a dated risk. The gold card gained an escalation suspension and an honest statement that its opportunity cost is not at the tenors the Treasury's real curve covers. The Brent card gained a fourth, non-price reopening condition. The Hormuz flow figure now travels with the collector's August 23 baseline and the mean-reversion alternative; the geopolitics section states the worst case and the Labor Day gap. The Japanese-pension line was downgraded from marginal seller to candidate. The Fear and Greed streak, the Binance open-interest figures, the custody session count, the Venezuela deal's phrasing and documentation, the Singapore currency claim, the Manifold read, the CLARITY probability comparison and the miner-sales period were corrected as the reviewers specified. The Economist's Corner was rewritten to state the model correctly. One number in the draft, Ethereum's share of DeFi value locked, was queried against a collector summary and kept, because the desk's figure came from the API payload and the collector's did not.

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Behind the Curtains