THE BACKROOM BRIEF

Beginner Edition

MARKETS · MACRO · CRYPTO

THURSDAY, SEPTEMBER 3, 2026 PLAIN ENGLISH

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

What happened overnight

The biggest move overnight was in Japan's currency, the yen. It jumped because traders expect Japan's central bank, the Bank of Japan, to raise interest rates soon. A central bank sets a country's interest rates. At the same time, bond markets worldwide calmed down after two days of selling; a yield is what a government pays investors to borrow money, and yields had been rising. Separately, a weak US jobs report lowered the odds that the Fed, the US central bank, raises rates this month.

The yen jumped, and there are two explanations for why

A Bank of Japan board member, Hajime Takata, said the bank should raise rates "nimbly" and called 2026 "a turning point." Bloomberg reported the bank favors a quarter-point rate rise at its meeting on September 17 and 18. The yen strengthened on that expectation: one dollar bought about 156.8 yen by Thursday morning, down from about 159.70 on Wednesday, a move of roughly 1.8 percent.

Japan's long-term government bonds rallied too, and the brief prints two readings of why. One is credibility: investors believe the coming hike, so Japan's bonds need a smaller "term premium," the extra yield lenders demand for tying up money a long time. The other is a worldwide bond rally tied to the weak jobs number below, since British and German bond yields fell that same morning for unrelated reasons. Both readings are printed because it is not yet clear which is right.

A weak US jobs number cooled bets on a rate rise

ADP, a payroll company, counted just 38,000 new private-sector jobs added in the United States in August, below the consensus, what forecasters expect on average, of 47,000, the weakest month since January. Weak jobs data usually lowers the odds of a rate rise, since a cooling job market gives the Fed less reason to raise rates. Bets on a Fed rate rise at its September 16 meeting fell from about 66 percent to about 60 percent by Thursday morning. The bigger test comes Friday, when the government's own August jobs report shows whether Wednesday's weak number was a real trend.

Gold's own rule closed a trade, then gold kept rising

The team behind this brief had set a rule ahead of time: if gold closed a trading day below $4,420, they would close their gold position regardless. Gold closed Wednesday at $4,385.74, below that line, so the position was closed as planned. It then rose Thursday morning to $4,434, above the level it had closed under a day earlier. A pre-set rule is meant to be followed even when the price moves the other way right after.

The Iran war and its effect on oil

American strikes in Iran killed 18 to 19 people, including guests at a wedding, according to two Gulf news outlets. Kuwait's military said it repelled missile and drone attacks, and shipping through the Strait of Hormuz, a waterway carrying a large share of the world's oil, fell to less than half its average of the past ten days. The Wall Street Journal reported that the President is discussing whether to declare the Iran war "over," even as the Pentagon plans to keep about 50,000 US troops in the region through 2027. Brent crude, a global oil benchmark, settled up 1.0 percent at $95.63 a barrel, since a war left unresolved, even if declared "over," keeps pressure on prices at the pump.

A correction on Switzerland's inflation number

Wednesday's issue of this brief printed a wrong number, saying Swiss inflation had hit 3.5 percent, supposedly the highest reading since 1993. That was incorrect. The real figure, released Thursday, is that Swiss consumer prices rose 0.8 percent over the past year in August, up from 0.4 percent in July, a much smaller rise than the wrong number suggested.

Brazil's stock market kept climbing

Brazil's main stock index, the Bovespa, rose 3.05 percent Wednesday, its eleventh straight day of gains. The jump followed a poll showing Brazil's incumbent president with a lead ahead of an upcoming election. Investors often treat a clearer political outcome as good news for markets, so a strong poll result for one candidate can move stock prices on its own.

Crypto, explained simply

Bitcoin, the largest cryptocurrency, traded near 77,900 dollars on Thursday morning, up about 1 percent on the day. That sounds strong, but bitcoin is still 38 percent below its all-time high. Ether, the second-largest cryptocurrency, was flat near 2,406 dollars.

Two big money flows moved in opposite directions this week. Funds that let ordinary investors buy bitcoin through the stock market, called exchange-traded funds, took in 101.2 million dollars on Wednesday. That followed a loss of 236.5 million dollars the day before, when investors pulled money out. Ether's funds went the other way. They had taken in money for twelve straight trading days, and that streak ended when money left the funds on Wednesday instead.

Traders also shifted their bets. On the largest crypto exchange, the biggest traders can be tracked by how many are betting the price will rise, called going "long," versus betting it will fall, called going "short." For the first time in twelve days, the ratio of longs to shorts among those big traders dropped below two rises for every one fall. Smaller traders are still mostly betting on a rise too, but slightly less heavily than before. A separate mood gauge called the Fear and Greed index reads 65 out of 100, in "greed" territory, which means most traders feel optimistic right now.

What some traders are thinking

The desk that writes this brief keeps a running list of ideas it is watching. These are not instructions to buy or sell. They are simply the thinking behind prices some traders are watching closely.

On bitcoin, the desk would only consider a bet that the price rises if three things happen together: the price has to finish a full trading day somewhere between 74,500 and 76,500 dollars, the smaller traders have to stop piling so heavily into rise bets, and the biggest traders have to be less one-sided than they were. Right now only the big-trader condition has been met. If the price instead falls all the way to 73,000 dollars, the desk would drop the idea completely. There is also a second trigger tied to the Japanese yen. If the yen strengthens past 155 to the dollar within a week, meaning fewer yen per dollar, alongside certain moves in Japanese bond yields, that would also end the bitcoin idea.

On gold, the desk had set a rule in advance: if gold closed below 4,420 dollars for a second day running, its watch idea would close. Gold did close below that line on Wednesday, the second day. By Thursday morning, gold had already climbed back above 4,420 dollars. Even so, the desk is keeping the idea closed rather than reopening it. The rule was written before the fact, and gold moving back above the line afterward does not undo that.

On ether, the desk opened a new idea, but only for after Friday's jobs report is released. Before that report, the idea does not apply at all. For the desk to consider a bet that ether's price falls, the price would need to close a full trading day under 2,356 dollars, and several other conditions would need to line up too, including a second straight day of money leaving ether's funds. If the price instead climbs above 2,490 dollars, the desk would abandon the idea.

On oil, an idea the desk had already closed earlier in the week stays closed. On the Japanese yen itself, the desk is only watching for now, with no bet in either direction.

Betting markets and the rate decision

Separately, there are websites where people place bets on real-world events, including whether the US central bank will raise interest rates later this month. Three of these point to different odds right now. One site, Polymarket, prices the chance of a rate rise at 48.5 percent. Another, Kalshi, prices it higher, at 55 percent. A market tied to interest-rate futures, which professional traders use, prices it highest of all, at 60.4 percent.

Kalshi is also fighting several US states in court over whether it can legally offer betting markets tied to sports events. One state's top prosecutor has asked the country's highest court to settle the question. That legal fight matters here because Kalshi is one of the same sites whose rate-rise odds this brief tracks each day.

The bottom line

Japan's currency, the yen, got stronger this week even before its central bank raised any interest rate. Traders bet a rate rise was coming and pushed the yen up, and bond markets around the world calmed down too.

In the United States, a weaker than expected jobs report cut the odds of an interest rate rise this month to about 60 percent. Friday's jobs report will decide which way the Federal Reserve leans next.

The desk behind this brief had a rule to close its gold trade idea if the price fell below a set level. Gold closed below that level for a second day, so the desk closed the idea, even though gold's price rose again right after. It kept the rule anyway.

In bitcoin, the biggest traders became less one-sided in their bets on the price rising. Smaller, everyday traders are still mostly betting bitcoin keeps going up.

The desk also fixed three mistakes from Wednesday's brief. Swiss inflation is actually 0.8 percent, far lower than the number printed before. Some crypto hacks happened back in August, not this week as first reported. A jobs forecast the brief quoted matched no real survey.

The one thing to watch today: Friday's US jobs report. Almost every idea in this brief is waiting on that single number.

Word decoder

basis point One hundredth of one percent, the unit used to measure small interest rate moves.

bond A loan an investor makes to a government or company that pays interest.

bull flattening (the curve flattened) When long-term rates fall faster than short-term rates; it can mean traders trust a central bank, or that bonds are rallying everywhere at once.

central bank The institution that sets a country's official interest rate, like the Fed or Bank of Japan.

consensus The average forecast experts agree on before an official number is released.

conviction How confident the desk is in a trade idea, shown as filled dots out of five.

dollar index A score tracking the US dollar's value against a basket of other currencies.

ETF (exchange-traded fund) A fund traded on an exchange that holds an asset like bitcoin or ether.

Fear and Greed index A daily 0 to 100 score of whether crypto traders feel fearful or greedy.

Fed (Federal Reserve) The US central bank, which sets American interest rates and meets again September 16.

Fed funds futures Contracts that show the market's odds of what the Fed will do next.

funding rate A payment between crypto futures traders showing whether more are betting up or down.

inflation The rate prices rise, usually measured against the same month a year earlier.

intervention (currency) When a government buys or sells its own currency to move its price.

kill or stop A preset price where the desk abandons a trade idea no matter what happens.

level A specific price the desk watches closely because crossing it changes the story.

liquidity How easily an asset can be bought or sold without moving its price much.

long and short Long means betting a price rises. Short means betting it falls.

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

options and put/call The right to buy or sell at a set price by a date. A call bets up, a put down.

payrolls (jobs report) The monthly US count of jobs added or lost, the number this brief awaits.

prediction market A market where contracts pay out based on whether a future event happens.

real yield A bond's return after subtracting expected inflation.

term premium Extra return investors demand for holding a longer bond instead of a shorter one.

volatility How much and how fast a price is expected to swing up or down.

yield The interest rate a bond pays, shown as a yearly percentage.

yield curve A line comparing yields on bonds of different lengths, from short-term to long-term.

The numbers

The day's key figures with a plain-English note on each. Everything here is taken from the full brief.

WHAT	FIGURE	WHAT IT MEANS IN PLAIN WORDS
Bitcoin	$77,927 (+1.1%)	Up a little on the day, still 38 percent below its record from October 2025
Ether	$2,406 (flat)	Down 3.8 percent on the week, more than bitcoin's 1.5 percent
Fear and Greed index	65, "greed"	A mood gauge for crypto from 0 (fear) to 100 (greed); it was 63 on Wednesday
Bitcoin fund flows, Wednesday	+$101.2M	Money came back into bitcoin funds after $236.5M left on Tuesday
Ether fund flows, Wednesday	-$48M	First day of money leaving after twelve straight days of money arriving
Big traders' long-to-short ratio (Binance)	1.98	Under two for the first time in twelve days; the biggest traders are less one-sidedly betting on a rise
Small traders' long-to-short ratio (Binance)	1.21	Still mostly betting on a rise, but less than Wednesday's 1.29; the desk's line is 1.10
S&P 500	7,666.60 (+0.46%)	US stocks rose and ended a three-day losing run
Nikkei 225 (Japan)	64,214 (-0.17%)	Nearly flat after falling 2.85 percent on Wednesday
Bovespa (Brazil)	185,205 (+3.05%)	Eleventh gain in a row, on an election poll
Dollar-yen	156.8 (-1.2%)	The yen strengthened for a second day; it was 159.70 at Wednesday midday
Dollar index	99.23 (-0.33%)	The dollar weakened against other major currencies
US 10-year yield	4.79% (unchanged)	What the US government pays to borrow for ten years; still the 2026 high
US 2-year yield	4.39%	Also a 2026 high; the number that shows whether a rate rise is expected
Japan 30-year yield	4.069% (-8.3bp)	Fell sharply; a basis point is a hundredth of a percent
Odds of a US rate rise on September 16	60.4% / 55% / 48.5%	Futures market, Kalshi and Polymarket; three venues, three answers
ADP private jobs, August	+38,000	Fewer than the 47,000 expected; the weakest since January
Friday's payrolls forecast	58,000 to 79,000	Depends on which survey you read; the big event of the week
Gold	$4,434 (+1.0%)	Closed at $4,385.74 on Wednesday, below the desk's $4,420 line, then rose above it
Brent oil	$95.63 (+1.0%)	Up 6.7 percent over five days as the Iran war continues
VIX	15.20	The "fear gauge" for US stocks; a low reading, calm
Swiss inflation, August	0.8%	The correct figure; Wednesday's issue printed 3.5 percent, which was wrong
US energy prices, July	+14.7% on the year	The war's cost showing up in consumer prices
China's holdings of US government debt	$633.4 billion	Lowest since 2008, per the Treasury's June figures