THE BACKROOM BRIEF

BEGINNER EDITION

Monday, September 7, 2026

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 overnight story is oil. Fresh strikes hit Saudi Arabia's Jizan refinery, a plant that turns crude oil into fuel, in an escalating attack campaign blamed on Yemen's Houthi forces. The refinery processes 400,000 barrels of oil a day, and Aramco has not yet assessed the damage. Brent is the world's main benchmark price for oil, sold by the barrel, about 159 liters. It touched $97.94, just six cents under the $98 level traders had flagged, before easing to $97.37, still up 1.1 percent on the day.

Japan's yen jumps on rate hike signals

The Japanese yen jumped overnight, pointing to higher Japanese interest rates soon. The dollar fell from about 156 yen to under 155, touching 154.06, the yen's strongest level in seven months. A top adviser to Japan's prime minister, normally against raising rates, said the central bank will likely hike this month and keep hiking every quarter after. A rate hike is when a central bank raises the cost of borrowing money, usually to slow inflation. The bank's decision meeting is September 17 and 18. Why care: investors have long borrowed cheap yen to invest elsewhere, and a Japanese rate rise could send that money rushing back fast, shaking other markets.

The Fed's next move has three different odds

The US central bank, the Federal Reserve, meets September 16 to decide on interest rates. Markets cannot agree on what it will do. One market based on interest-rate futures puts the odds of a hike at 58.1 percent. Two other markets, Polymarket and Kalshi, put it near a coin flip, close to 50-50, an unusually wide gap this close to a decision. Part of the reason: US diesel fuel prices just hit a record, and diesel costs feed into nearly everything, which could push inflation higher. Why care: interest rates shape mortgages, credit cards and savings for everyone, not just traders.

China bought a record amount of gold, and gold fell anyway

China's central bank bought gold for a 22nd straight month, adding 650,000 ounces in August, its biggest monthly purchase since October 2023. You might expect that to push gold's price up. Instead gold fell 0.66 percent to $4,447.20 an ounce. The reason is the real yield, what US government bonds pay investors after subtracting inflation, which rose to 2.42 percent from 2.34 percent in late August. Gold pays no interest, so when bonds pay more after inflation, some investors prefer the bonds. Why care: gold is usually a safe haven in uncertain times, yet even a war and record buying could not beat rising bond returns.

France's budget story, corrected

A correction: earlier brief editions said France faced a no-confidence vote this week that could topple its government. That was wrong: the vote happened a year earlier, in September 2025, and toppled a different prime minister. France's current leader, Sebastien Lecornu, remains in office. The real French story is the 2027 budget, leaking out in pieces before its formal announcement, including a rumored savings tax the government denies deciding. Investors are watching two numbers. One is the extra interest France pays to borrow versus Germany, 86 basis points, where a basis point is one hundredth of a percent. The other is the cost of insuring against a French default, now higher than Italy's, unusual since Italy is normally seen as riskier. Why care: France is the eurozone's second-biggest economy, so lost confidence there raises borrowing costs across the region.

Stock markets around the world reacted differently

Western news outlets led with the war and oil. Asian markets barely mentioned Iran. Tokyo's papers led with the yen jump, not the war, even as Japan's Nikkei rose 2.12 percent. South Korea's KOSPI jumped 4.61 percent, its best close since late July, on buying of chip stocks. Germany's DAX slipped, unsettled by a strong far-right party result in a weekend state election. Saudi Arabia's own stock market closed about an hour after the first report of the strikes, down a modest 0.4 percent, an early, partial reaction ahead of Tuesday's full session. India's stock market hit a six-week low, hurt partly by rising oil-import costs. US markets were shut for Labor Day, so their reaction is still to come. Why care: when one region panics and another shrugs at the same news, the full reaction usually has not happened yet.

Crypto, explained simply

Bitcoin and ether spent a war weekend doing almost nothing. Bitcoin sat near $79,376, down about half a percent over 24 hours, after briefly popping above $80,000 in Asian trading and fading back. Ether traded at $2,498.74, up a fraction of a percent, basically flat. That calm is itself worth noticing. Fresh fighting broke out over the weekend and a $320 million crypto hack hit the wires, and prices barely moved.

A side network got drained

Liquid Network is a companion network built alongside bitcoin's main blockchain. Exchanges use it to move bitcoin between each other faster and cheaper than the main network allows. Late Sunday night, someone pulled roughly $320 million worth of bitcoin, about 4,000 coins, out of it in an exploit. The attackers left a message calling themselves "whitehats," a term for hackers who claim good intentions, and said they would return the money once a bug gets fixed. The network was paused after the withdrawal happened.

Bitcoin's price barely reacted, trading within half a percent of where it started the day. Either traders believe the whitehat story, or a $320 million hole has not sunk in yet. It is the largest crypto security incident in at least a month, and it hit the systems exchanges rely on.

A big seller finished, and the price held

A large, old ether wallet tied to the early days of the ShapeShift exchange finished cashing out, sending a total of 167,855 ETH, worth roughly $408 million, to exchanges to sell. Once the selling wrapped up, ether's price held steady, landing in the middle of the range traders had been watching. That reads as buyers absorbing the supply, rather than the selling itself lifting the price.

Money keeps landing in bitcoin funds

Bitcoin ETFs are funds that let ordinary investors get exposure to bitcoin through a normal brokerage account, without holding the coins directly. These funds took in nearly $987 million over the past week, but most of that, about $731 million, landed in a single day, Thursday, the busiest day since January. Friday's inflow was far smaller. Separately, ether funds took in about $215 million over the week.

A privacy coin got squeezed

Zcash, a privacy-focused coin, jumped 15 percent to $1,170 over the weekend. The move caught traders who had bet on it falling off guard, helping trigger $212 million in forced liquidations across the wider market.

What "watches" mean, and the two that fired

This brief tracks six "watches." Each watch is an idea the desk is testing against a trigger level, a price where, if crossed, the desk says its thinking would change. A watch never tells a reader to buy or sell anything. Two watches fired Monday, and neither was about crypto.

The first was oil. A refinery in Saudi Arabia was hit in an apparent strike. The desk had said any strike on Saudi or Emirati oil infrastructure would flip its reading from war-jitters to a real risk of losing supply. Damage is still being assessed. The desk said it will reverse that call if the damage turns out minor.

The second was the Japanese yen. The yen strengthened sharply after a government adviser suggested Japan's central bank could raise interest rates soon. That matters to crypto because traders worldwide borrow cheap yen to fund bets elsewhere. If borrowing yen gets pricier, some of those bets can unwind.

The other four watches, on bitcoin, ether, gold, and France's government finances, did not fire Monday. The bitcoin watch stayed neutral. The ether watch is sitting between its markers, with $2,530 as the level that would look bullish and $2,450 as the level that would look bearish.

Jargon, translated

A few terms come up around these watches. "Long" means betting a price will rise, "short" means betting it will fall. "Funding" is a small, recurring fee that traders using borrowed money pay each other to keep their bets open. "Open interest" is the total number of active bets outstanding in the market at a given time.

Through all of it, a market mood gauge called the Fear and Greed Index stayed in "Greed" territory for a seventh straight day. It held steady through both the fighting and the hack. Whether that is confidence or complacency is exactly what the desk says it cannot yet tell.

The bottom line

The war reached a Saudi oil refinery, and oil prices are sitting close to a level traders have been watching all week.

Japan's currency, the yen, jumped in value because investors suddenly think Japan's central bank will raise interest rates soon.

Two different kinds of markets, one built from real trading contracts and one built from prediction bets, disagree on whether the US central bank raises rates next week.

China kept buying gold for the 22nd month in a row, but gold's price fell anyway because bonds now pay a better return once you account for inflation.

The brief's writers admitted a mistake. They had reported a vote in France that was not actually happening this week, and they printed a correction.

Markets get their real test on Tuesday, when US traders are back at their desks after the Labor Day holiday and full trading resumes.

The one thing to watch

Watch Tuesday's closing price for oil, plus Saudi Arabia's official report on how much damage the refinery strike caused. Together they decide whether Monday's moves were a blip or the start of something bigger.

Word decoder

Basis point
A basis point is one hundredth of one percent, used to measure small moves in interest rates or the gap between two bond yields. This brief uses it constantly, for example the gap between French and German bond yields sits at 86 basis points.

BoJ (Bank of Japan)
The Bank of Japan is Japan's central bank. It sets Japanese interest rates and meets later this month, on September 17 and 18.

Brent
Brent is a global benchmark price for crude oil, quoted out of the North Sea. Traders around the world use it as their main reference price for oil, and this brief tracks it closely because of the war.

Carry trade
A carry trade is when investors borrow money in a currency with very low interest rates, like the yen, and use it to buy higher-return assets elsewhere. If the low-rate currency's interest rates rise, those trades can unwind fast.

Central bank
A central bank is a country's official bank that sets interest rates and manages its money supply. The Fed, the BoJ, and the ECB are all central banks.

CPI
CPI stands for Consumer Price Index, a monthly measure of how much prices for everyday goods and services have risen. It is the main gauge of inflation, and August's US CPI comes out Friday.

ECB (European Central Bank)
The European Central Bank sets interest rates for the countries that use the euro. It meets Thursday, and most watchers expect a rate rise.

ETF
ETF stands for Exchange-Traded Fund, a basket of assets, like bitcoin, that trades on a stock exchange the same way a regular share does. Bitcoin ETFs took in nearly a billion dollars of new money this week.

Expiry
Expiry is the date an options contract ends and settles. Crypto options have big expiries on September 18 and September 25 that traders are watching closely.

Fear and Greed index
A daily score from 0 to 100 that measures whether crypto traders are feeling fearful or greedy. It has read "Greed" for seven straight days, currently at 71.

Fed (Federal Reserve)
The Federal Reserve is the US central bank. It decides US interest rates and meets on September 16.

Funding rate
In crypto futures markets, the funding rate is a small periodic payment between traders that keeps a contract's price in line with the real price. It has stayed mildly positive all week, meaning traders betting on higher prices are paying the small fee.

Futures

Futures are contracts to buy or sell something, like oil, currencies, or a chance of a rate move, at a set price on a future date. Traders use them both to guess where prices are going and to protect themselves against a move.

Liquidation

A liquidation happens when a trader who borrowed money to make a bigger bet loses so much that their position gets automatically closed. A weekend rally in the coin Zcash triggered $212 million of liquidations.

Long

Going long means betting that an asset's price will rise. This brief tracks how many big traders are long versus short to gauge market mood.

Open interest

Open interest is the total number of futures or options contracts that are still open and have not been closed out or settled. A rising number means more money is flowing into bets on that market.

Options

Options are contracts that give a trader the right, but not the requirement, to buy or sell something at a set price by a certain date. Crypto options traders are watching several key price levels tied to big upcoming expiries.

Prediction market

A prediction market is a website, like Polymarket or Kalshi, where people trade contracts on the outcome of real-world events. The price of a contract reflects what traders collectively think the odds are, for example the odds of a Fed rate hike.

Real yield

Real yield is the return a bond pays after subtracting expected inflation. It has been rising lately, which is bad news for gold because gold pays no yield at all and looks less attractive by comparison.

Refinery

A refinery is a plant that turns crude oil into usable fuels like gasoline and diesel. A Saudi refinery was hit in strikes this week, though the damage has not yet been confirmed.

Sanctions

Sanctions are financial or trade penalties that one country imposes on another to apply pressure. Several new sanctions packages against Russia moved forward over the weekend.

Short

Going short means betting that an asset's price will fall. It is the opposite of going long.

Sidechain

A sidechain is a separate blockchain connected to a bigger one, like Bitcoin, that lets some transactions settle faster. A Bitcoin sidechain called Liquid Network was hacked for around $320 million this weekend.

Spread

A spread is the gap between two related prices or interest rates, often used to measure risk. This brief tracks the spread between French and German government bond yields as a sign of stress in France.

Stablecoin

A stablecoin is a cryptocurrency built to hold a steady value, usually pegged one-to-one with the US dollar. The two biggest, USDT and USDC, together make up most of the roughly $311 billion stablecoin market.

Trigger level

A trigger level is a specific price or event that a desk decides in advance will change its view on a market. This brief had two trigger levels in play Monday, an oil price near $98 and the yen falling under 155.

Volatility

Volatility measures how much and how fast prices swing up and down. Indexes like the VIX for stocks and DVOL for crypto track it, and both are watched for signs of stress.

Whale

A whale is a person or wallet holding a very large amount of a cryptocurrency, big enough that their trades can move the price. A well-known old ether wallet moved over $400 million this week without shaking the market.

The numbers

The day's key figures, with one line of plain context each. Crypto, currencies and oil are live Monday afternoon European time; US stock and bond figures are Friday's closes because US markets were shut Monday for Labor Day.

THING	NUMBER	WHAT IT MEANS
Bitcoin	$79,376 (-0.6%)	barely moved through a war weekend
Ethereum	$2,498.74 (+0.2%)	held steady even after a big holder finished selling
Brent oil	$97.37 (+1.1%)	touched 97.94, a dime under the 98 line traders watch
US oil (WTI)	$92.49 (+1.1%)	the American oil price, following Brent higher
Gold (December)	$4,447.20 (-0.7%)	fell even though China bought a record amount
Dollar-yen	154.49 (-1.1%)	the yen's strongest since February, on rate-rise talk
Dollar index	98.92 (-0.3%)	the dollar slightly weaker against major currencies
S&P 500 (Friday)	7,718.60 (-0.4%)	US stocks slipped after strong jobs numbers
Nikkei (Japan)	66,399.84 (+2.1%)	Tokyo rallied hard, led by chip companies
KOSPI (Korea)	6,995.39 (+4.6%)	Seoul's biggest jump in months, near 7,000
US 10-year yield (Friday)	4.78%	what the US government pays to borrow for ten years
VIX (Friday)	14.53	the stock-market fear gauge, unusually calm
Fear & Greed index	71 (Greed)	crypto sentiment has now read greedy for a week
Fed hike odds (futures)	58.1%	one market's odds of a US rate rise next week
Fed hike odds (prediction markets)	~50%	another market calls the same meeting a coin flip
China's gold streak	22 months	its central bank's longest-ever buying run
Liquid Network loss	$320 million	the weekend's big crypto security incident
Hormuz oil traffic	6 vs 85 ships	strait traffic against its pre-war normal (late August reading)