THE BACKROOM BRIEF
BEGINNER EDITION
SUNDAY, SEPTEMBER 13, 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 single most important thing right now is this: four major central banks are deciding interest rates within nine days of each other. That is happening right as an oil supply problem in the Middle East gets worse. Interest rates rising and oil supply shrinking, at the same time, is what has moved markets this week.

Four central banks, one crowded week

A central bank is the institution that sets a country's main interest rate. That rate is basically the price of borrowing money. When it goes up, mortgages, car loans and credit card debt all get more expensive for ordinary people.

The European Central Bank raised its rate on Thursday to 2.50 percent, and the decision was unanimous. The US Federal Reserve decides Wednesday. The Bank of England follows on Thursday. The Bank of Japan follows on Friday. Three of these four decisions are outside the United States, even though most of the coverage has focused only on the Fed.

Why it matters: when several large economies raise rates at the same time, borrowing gets more expensive almost everywhere at once, not just at home.

Inflation came in hot, twice in one week

Inflation measures how much prices for everyday things, like food, fuel and rent, have risen compared with a year earlier. Two US inflation reports last week both came in worse than expected. Wholesale prices rose 5.4 percent on Thursday, above the 5.1 percent forecast. Consumer prices then rose 3.4 percent on Friday, also above forecast.

A 3.4 percent inflation reading means the typical basket of things people buy costs 3.4 percent more than it did a year ago.

Why it matters: hotter inflation makes a rate rise more likely, because raising rates is the main tool central banks use to try to cool prices back down.

The oil supply problem got physically worse

Saudi Arabia shut down a pipeline that exists for one reason. It moves oil to the Red Sea without passing through the Strait of Hormuz, a narrow shipping lane between Iran and Oman. A large share of the world's oil normally sails through that strait. When ships there slow down, and the backup route also breaks, oil becomes scarcer everywhere, not just in the Gulf region.

The damage is already visible in the numbers. Saudi oil output fell to its lowest level since 1990. In the United States, the price of diesel, the fuel that moves trucks and freight, passed six dollars a gallon for the first time on record.

Why it matters: a blocked or damaged oil shipping route raises the cost of fuel and heating. It also raises the cost of anything trucked or shipped, even for people who never think about oil markets.

The weekend got worse and nothing could trade on it

Markets closed Friday evening and stayed shut for the whole weekend. The news kept getting worse anyway. The United States began limiting how many military air-defence slots are available to protect tankers crossing Hormuz. A fresh report of an attack on shipping there emerged on Sunday.

Traders describe news as "priced in" once a market has already adjusted to it, because everyone trading already knows about it and has bought or sold accordingly. None of this weekend's news is priced in yet, because the market has been closed the entire time it happened. The first real chance to react comes when trading reopens.

Why it matters: a market reopening after a bad weekend of news often moves sharply in one direction, because it is catching up on everything at once.

The honest puzzle sitting at the centre of it all

Governments borrow money by selling bonds, and the interest rate they pay on that borrowing is called a yield. Right now the bond market is sending a signal that can genuinely be read two different ways.

The first reading is optimistic: investors trust that central banks will succeed at bringing inflation down, so they expect lower inflation later on. The second reading is worrying: a recession is approaching. A recession is a period where the economy shrinks and jobs are lost. In this version, the oil shock is doing enough damage that both growth and future prices are falling together.

Both of those very different stories produce the exact same numbers in the data available right now. There is no reliable way yet to tell a central bank succeeding apart from an economy slowing down, just by looking at bond prices. That honestly stated uncertainty is the most interesting thing in this week's reporting, more interesting than any single forecast.

Crypto, explained simply

A rough weekend for the two biggest coins

Bitcoin is the biggest cryptocurrency by far, and it trades at 76,732 dollars right now. Ethereum is the second biggest. Its coin is called ether, and it trades at 2,481.92 dollars. Across every crypto coin added together, the whole market lost 4.51 percent of its value in a single day.

Some of that drop came from forced selling. Open interest is the total amount of money currently riding on crypto bets across the market. It fell from 62.4 billion dollars to 59.5 billion over the week. More than 140,000 traders were liquidated on Thursday alone. A liquidation happens when a trader borrows money to make a bigger bet, the price moves against them, and their bet gets closed automatically because they have run out of money to keep it open.

Money left bitcoin funds and poured into ether funds

Something odd happened in the funds that let ordinary people invest in crypto through a normal stock account. These are called ETFs. An ETF is a fund you can buy on a stock exchange that holds an asset for you, so you never have to store or manage the coins yourself.

American bitcoin ETFs lost money on every single trading day last week, four days in a row, with investors pulling out 462.73 million dollars in total and nothing coming back in. Ether

ETFs did the opposite. On Friday alone, investors put 216.41 million dollars into ether funds, the biggest single day those funds have ever had. Same week, same market, opposite direction. That split matters because it suggests people are not fleeing crypto as a whole. They are choosing one coin over the other.

Ether's brief run past 2,600 dollars

Ether had a wild few days. On Friday its price briefly climbed above 2,600 dollars, the first time it had done that in eight months. That move trapped traders who had bet the price would fall, a bet known as a short. When the price jumps against a short bet, the trader is often forced to buy back in at a loss just to close it out, which pushes the price up even further. Then over the weekend, ether gave the whole gain back and settled at 2,481.92 dollars, roughly where it started.

The brief corrected its own mistake

This is worth explaining honestly. An earlier version of this brief claimed that small individual traders were buying while big professional traders were selling. Checked properly, that pattern only holds up in ether and in Solana, a smaller cryptocurrency. In bitcoin, both small traders and big traders were buying more, not less. A long bet is a bet that a price will rise, and a short bet is a bet that it will fall. In bitcoin, the ratio of long bets to short bets rose for ordinary traders and for large professional traders together over the same days. In ether and Solana, ordinary traders leaned further into long bets while the professionals pulled back. Getting the split right, coin by coin, matters more than a clean headline, which is why the mistake is being corrected here instead of left standing.

What traders are thinking, not what to do

None of this is advice to buy or sell anything. It is a look at how some traders are reasoning through the week, and why.

One group is watching volatility, which is roughly how much traders expect prices to swing in the days ahead. Even though four separate central banks are making interest rate decisions within nine days of each other, the cost of insuring against a big price swing actually got cheaper on Friday. Some traders think that is a mistake. The market seems to be betting that every central bank does exactly what is expected and says nothing surprising, at the exact moment that insurance against a surprise is at its cheapest.

A second group is watching oil, because a shut pipeline and attacks near a major shipping route in the Middle East have made supply tighter over the weekend. Some traders think oil prices can climb further from here, but they hold that view cautiously, since a single ceasefire headline could undo it overnight.

A third group is watching the Japanese yen. Japan's central bank is expected to raise interest rates this week, and so many traders have already piled into betting the yen will rise that some now think the bet has become too crowded. If the rate hike arrives exactly as expected, there may be little room left for the currency to move.

Worth noting: the desk pulled two of its own six trading ideas out of its active list this week. Not because the ideas were wrong, but because it had set itself a test for each one before treating it as a real position, and neither test had finished running yet. Rather than call something a trade before checking whether the idea actually held up, it labeled both as open questions instead.

What max pain means

One more term worth knowing is **max pain**. It is the price at which the largest number of options bets would expire completely worthless. An option is a contract tied to a coin's price on a set future date. For the large batch of bitcoin options expiring later this month, that price is 72,000 dollars. Max pain does not predict where bitcoin will actually go. It is simply a number some traders watch, because a price sometimes drifts toward it as its expiry date gets closer.

The bottom line

Four central banks are deciding interest rates within nine days of each other, and most of them are raising rates. The European Central Bank already raised rates on Thursday. The U.S. Federal Reserve is expected to raise rates on Wednesday because prices there rose faster than expected in August. That expectation pushed long-term U.S. government borrowing costs to their highest level in almost twenty years. At the same time, a big oil problem got much worse over the weekend. Saudi Arabia lost a key oil pipeline to a drone strike, and shipping through a narrow, critical sea route called the Strait of Hormuz nearly halved. American diesel prices passed six dollars a gallon for the first time ever. Crypto markets swung hard too, with bitcoin and ether both falling and many traders who had borrowed money to bet getting wiped out.

The one thing to watch this week. Watch Wednesday's American interest rate decision, and especially the growth forecasts released alongside it. Those forecasts will show whether the bond market moved because tighter policy is working, or because investors are quietly bracing for a recession caused by the oil shock.

Word decoder

basis point
A basis point is one hundredth of one percent, the unit traders use for small interest rate moves.

bear flattening
Bear flattening is when short-term bond yields rise faster than long-term ones, so the gap between them shrinks.

bond
A bond is a loan an investor makes to a government or company, repaid over time with interest added on top.

break-even (trading term)
In trading, break-even is the price at which a position makes neither profit nor loss, a different idea from the breakeven inflation rate below despite the similar name.

breakeven inflation rate
The breakeven inflation rate is the average inflation rate bond investors expect over a set number of years, found by comparing two types of government bond.

central bank
A central bank is the institution that sets interest rates and manages money for a country, such as the Federal Reserve or the European Central Bank.

cloture vote
A cloture vote is a U.S. Senate procedure that ends debate on a bill, usually needing 60 of the 100 votes to succeed.

consumer price index (CPI)
The consumer price index, or CPI, is a monthly report tracking how much prices for everyday goods have changed, the main gauge of inflation.

conviction
Conviction is how confident an analyst is in a bet or a view, often scored on a simple scale.

curve (yield curve)
The yield curve plots the interest rates a government pays to borrow money over different lengths of time, from months to decades.

dealer takedown
Dealer takedown is the share of a new government bond that big banks are left holding after an auction, because outside buyers did not take it all.

ETF (exchange-traded fund)
An ETF is a basket of investments, like stocks or bitcoin, that trades on an exchange the same way a single stock does.

Federal Reserve
The Federal Reserve, or the Fed, is the central bank of the United States and sets the country's main interest rate.

funding rate
A funding rate is a small, repeating payment crypto traders exchange to keep a never-expiring futures contract priced close to the real market.

futures settlement
Futures settlement is what happens when a contract to buy or sell something at a set future price and date is finally closed out.

inflation
Inflation is the rate at which prices for goods and services rise over time, reducing what money can buy.

liquidation
A liquidation is when a trader who borrowed to make a bigger bet cannot cover the losses, so the exchange closes the position automatically.

long
Going long means buying something, betting that its price will rise.

max pain
Max pain is the price, on the day a batch of options expires, that causes option buyers as a group to lose the most money.

open interest
Open interest is the total number of futures or options contracts still active and not yet closed.

option
An option is a contract giving the buyer the right to buy or sell something at a set price by a set date, in exchange for a fee called a premium, a different sense of that word than the ETF term below.

premium and discount to net asset value
Some funds, like ETFs, hold assets worth a total called net asset value. Trading above that total is a premium, and below it a discount, a different meaning of premium than the option fee above.

real yield
A real yield is a bond's interest rate after subtracting expected inflation, showing the actual buying power an investor gains.

recession
A recession is a sustained period when a country's economy shrinks, usually with weaker spending and rising unemployment.

short
Going short means selling something borrowed for the trade, betting that its price will fall.

sovereign credit default swap
A sovereign credit default swap is insurance investors buy against a government failing to repay its debt, priced higher when default looks more likely.

strait (shipping chokepoint)
A strait is a narrow stretch of water linking two seas, and some straits are vital shipping chokepoints, like the Strait of Hormuz for oil tankers.

VIX
The VIX, sometimes called Wall Street's fear gauge, measures how much price swing investors expect in U.S. stocks over the next month.

volatility
Volatility measures how much and how fast a price moves up or down.

yield
A bond's yield is the return an investor earns from it, shown as a percentage of its price, rising when the bond's price falls.

The numbers

Everything the brief referred to, in one place. Percentages are the change on Friday 11 September unless the row says otherwise.

Crypto

WHAT	PRICE	CHANGE
Bitcoin	$76,732	-0.76%
Ethereum	$2,481.92	-1.91%
Solana	$99.80	-2.07%
Whole crypto market	$2.612 trillion	-4.51%
Bitcoin funds, the week	$462.73M out	4 of 4 days out
Ethereum funds, Friday	$216.41M in	biggest day on record
Bitcoin held by the funds	1,261,712 coins	6.28% of all bitcoin
Fear and greed score	61 of 100	was 74 nine days ago

Interest rates and government borrowing

WHAT	LEVEL	NOTE
US rate now	3.50% to 3.75%	effective 3.63%
Chance of a US rise Wednesday	85.5%	to 3.75% to 4.00%
Europe, set Thursday	2.50%	raised, unanimous
Britain, decides Thursday	3.75%	unchanged since July
Japan, decides Friday	about 1.00%	expected to rise to 1.25%
US 2 year borrowing cost	4.63%	+20bp in two days
US 10 year	4.96%	+13bp in two days
US 30 year	5.35%	-2bp on Friday

The rest of the world

WHAT	LEVEL	CHANGE
Brent oil	$104.61	-2.81% day, **+8.65% week**
US oil (WTI)	$100.05	-2.37% day, +9.37% week
Gold	$4,408.90	+0.04%
Silver	$65.19	+0.40%
S&P 500 (big US shares)	7,656.98	+0.86% day, -0.80% week
Japan's Nikkei	64,011.34	-1.93%
Germany's DAX	25,568.56	+0.82%
Dollar against yen	153.54	yen up 1.73% on week
Fear gauge (VIX)	15.84	-11.2% day, +9.02% week