THE BACKROOM BRIEF

Beginner Edition

TUESDAY, SEPTEMBER 15, 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 most important number in markets this morning is 5.033 percent, the yield on the US 10-year Treasury bond. A yield is the interest a government pays to borrow. The yield hit that level in the European morning on Tuesday, higher than on any day since July 2007, according to a CNBC benchmark quote. Traders now put a 91.5 percent chance on the Federal Reserve, the US central bank, raising interest rates on Wednesday. Government borrowing costs ripple through the whole financial system, which is why this number matters so much today.

Borrowing costs keep climbing before Wednesday's Fed decision

On Monday the 10-year yield only touched 5.012 percent during the day, its first move above 5 percent since 2023, before closing lower at 4.97 percent on the Treasury's own curve. On Tuesday it traded as high as 5.041 percent and sat at 5.033 percent in the European morning, up 7.2 basis points from Monday's close (CNBC). A basis point is one hundredth of a percentage point. Fed funds futures now price a 91.5 percent chance of a rate hike on Wednesday, up from 89.5 percent at Monday's close. Why it matters: this is the rate markets now value everything else against, from stocks to crypto.

An AI slowdown call split tech stocks into winners and losers

Wall Street's first session after a weekend call to slow the pace of AI development sent the Philadelphia semiconductor index, which tracks chip companies, down 5.86 percent on Monday. Lam Research fell 8.29 percent and Nvidia 3.36 percent (CNBC). Software companies moved the other way, with CrowdStrike up 13.85 percent and Alphabet up 3.22 percent. On Tuesday, Japan's SoftBank bounced back 7.54 percent to 6,279 yen, after falling 10.72 percent on Monday. Why it matters: chip and equipment makers earn money when big tech companies build AI data centers, so if AI labs slow down, equipment sellers feel it first while software firms gain time.

Oil rose as the Hormuz talks were postponed

Iran's foreign ministry said Saudi Arabia asked for Monday's talks on new shipping routes through the Strait of Hormuz, the narrow sea passage ships use to carry oil out of the Gulf, to be postponed, citing events in Yemen where Houthi forces have been advancing. November Brent crude oil traded at 107.70 dollars a barrel, up 1.91

percent (ICE via CNBC). A separate attack on a Saudi oil pipeline is a different story: the BBC reported the drone that hit it was launched from Iraq. Shipping costs are climbing too: the tanker rate from the Gulf to China topped 1.035 million dollars a day for the first time (Bloomberg data via gCaptain). Why it matters: postponed talks and rising tanker costs point to a Gulf oil route that is more expensive and less settled.

Japan's bond yields jumped ahead of Friday's rate decision

Japan's 30-year government bond yield rose 9.5 basis points to 4.164 percent on Tuesday, while its 10-year rose just 0.6 basis points to 3.042 percent (CNBC). The Bank of Japan, the country's central bank, decides on interest rates on Friday, and a prediction market prices a quarter-point hike at 97.65 percent. Dollar-yen, meaning how many yen it takes to buy one dollar, traded at 154.98, up 0.41 percent, testing the 155 level three times this week. Why it matters: the gap between US and Japanese bond yields, which pays investors extra for holding dollars instead of yen, widened on Tuesday even though Friday's expected hike is meant to narrow it.

China's factories beat forecasts, but shoppers did not

China's industrial output, a measure of factory production, grew 5.2 percent in August from a year earlier, above the 4.8 percent expected and July's 4.5 percent. Retail sales, meaning how much shoppers spent, grew only 0.4 percent, below the 0.8 percent expected and July's 0.6 percent (China's National Bureau of Statistics, via CNBC and Reuters). Markets did not celebrate the factory number: Hong Kong's Hang Seng index closed down 1.00 percent and the Shanghai Composite fell 0.54 percent. Why it matters: factories making more while households spend less looks like an export story rather than a spending story, though there is no August Chinese trade figure yet to confirm that.

Crypto, explained simply

Bitcoin had two different days this week. On Monday it rose to 78,280 dollars while chip stocks fell hard, and CoinDesk headlined it "Bitcoin climbs to $78,000 as crypto sits out the AI selloff." Coinbase shares rose 9.24 percent that day, Strategy's 4.56 percent.

By Tuesday morning in Europe the mood had changed. Bitcoin slipped to 76,834 dollars, down 1.14 percent in 24 hours, and ether fell to 2,472.49 dollars, down 1.91 percent. The whole crypto market lost 3.04 percent of its value, down to 2.64 trillion dollars. The pattern changed too. On Monday crypto moved as if it had no exposure to the AI story hitting chip stocks. Tuesday's slide lined up with bond yields, as the US 10-year Treasury yield pushed above 5 percent, though one day does not prove the link.

Small traders cut their bets first

On Binance, a large crypto exchange, small accounts had been leaning toward "longs," bets on higher prices. The ratio of their longs to their "shorts," bets on lower prices, fell 30.1 percent on Tuesday, though that only brought it back to where it sat on 8 September. The same ratio for the biggest traders fell less, 11.3 percent. In ether, the small accounts' ratio fell 14.0 percent while the big traders' ratio rose 1.4 percent. Ether's "funding," the fee one side of a futures bet pays the other, turned negative on two exchanges, which means traders betting on lower prices were paying traders betting on higher prices. Even so, US bitcoin funds took in 160.0 million dollars on Monday and ether funds 121.0 million.

Strategy bought nothing last week

Strategy, the largest company holder of bitcoin, said in a Monday filing that between 8 and 13 September it did not buy or sell any bitcoin, and did not sell any shares through its at-the-market program, the share sales that usually pay for its buying. It holds about 845,050 bitcoin bought for 63.73 billion dollars, an average of about 75,412 dollars each, roughly 1.9 percent below Tuesday's price of 76,834 dollars. The desk reads the quiet week as a pause, not a policy change; the filing does not say why.

The Senate vote on crypto rules

The US Senate votes Tuesday afternoon on whether to move forward with the CLARITY Act, a crypto market rules bill. That step is called "cloture," needing 60 votes. Republicans hold 53 seats, so they need Democrats to cross over, and by Tuesday morning none had publicly committed to voting yes. One report named seven Democrats still withholding support. The desk had said fewer than three Democrats committing publicly would restore its call that cloture fails, so a count of zero restores it. The desk flags its own signal as imperfect: the seven names come from one news report, not an official count, two described their position as conditional rather than a flat no, and senators often keep their vote private until the roll call.

What the desk is watching, and why

The desk keeps a handful of active "views," bets on where a price or rate is headed. Each carries a conviction score from one to five, showing how sure the desk is. Six are open now.

- **US 2s10s curve, 2 of 5.** Tracks the gap between two-year and 10-year US bond yields; a hike priced at 91.5 percent for Wednesday should narrow it, but longer-term bonds sold off harder than the two-year on Tuesday, which works against the view.
- **Brent oil, a bet on higher prices, 2 of 5, down from 3.** Oil is higher on the Hormuz talks being postponed, but the desk sees no good entry now: the potential loss is bigger than the potential gain from here.
- **Japanese yen, 2 of 5.** The desk expects a crowded bet on a stronger yen to keep losing money before Japan's rate decision Friday, since US yields are rising faster than Japan's.
- **CLARITY Act cloture fails, 2 of 5.** Covered above; a restored view, and the answer lands within hours.

- **Ether against bitcoin, 1 of 5, down from 2.** Of three reasons to expect ether to beat bitcoin, one, a premium in ether futures prices, shrank sharply since yesterday's issue.
- **US 20s30s curve, 2 of 5.** Tracks the gap between 20 and 30-year bond yields; a 13-billion-dollar auction of 20-year bonds today tests the view.

Two older views closed. A view on the Nasdaq 100 against the S&P 500 expired without a clear answer. A view that short-term market swings were priced too cheaply was closed on the desk's own judgment, after most of that repricing had already happened and before its exit level was reached.

The bottom line

The US 10-year Treasury yield traded at 5.033 percent on Tuesday morning, the highest level since July 2007. Over the past week, most of the rise came from investors betting the Federal Reserve will raise interest rates. Tuesday's extra step came from a wider sale of longer-term bonds in several countries. A call to slow down artificial intelligence split tech stocks in two. Chip and power companies fell, while software companies that could gain from a slower buildout rose. The US Senate votes today on whether to advance a crypto law called the CLARITY Act, and no Democrat had publicly agreed to vote yes. Crypto prices slipped on Tuesday as smaller traders cut their bets, and the company Strategy bought no bitcoin last week. Oil stayed above 107 dollars a barrel after Iran's foreign ministry said Saudi Arabia had asked for talks on new Hormuz shipping routes to be postponed.

> **The one thing to watch.** The Federal Reserve announces its interest rate decision on Wednesday, with a hike priced at 91.5 percent. Today's Senate vote on the CLARITY Act and a 20-year bond auction are the first tests before that decision.

Word decoder

Basis point
A basis point is one hundredth of one percent, used for small changes in interest rates or bond yields.

Bond
A bond is a loan an investor makes to a government or company, which pays the money back later with interest.

Bond yield
A bond yield is the annual return an investor earns on a bond, shown as a percentage.

Breakeven inflation
Breakeven inflation is the average inflation rate bond investors expect over the life of a bond.

Capital spending
Capital spending is money a company spends on long-term items like buildings, equipment or data centers.

Cloture
Cloture is a US Senate vote that ends debate on a bill, needing 60 of the 100 votes to pass.

Conviction
Conviction is how confident an analyst is in a trade idea, often shown as a score out of five.

ETF

An ETF, or exchange-traded fund, is a basket of assets that trades on an exchange like a single stock.

Federal Reserve

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

Funding rate

A funding rate is a fee crypto futures traders pay each other to keep the contract price near the real price.

Futures

Futures are contracts to buy or sell an asset at a set price on a future date.

Hyperscaler

A hyperscaler is a very large tech company that runs cloud computing and builds huge AI data centers.

Inflation

Inflation is the rate at which prices for goods and services rise over time.

Long and short

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

Long-short ratio

A long-short ratio compares how many traders bet a price will rise against how many bet it will fall.

Prediction market

A prediction market is a site where people trade contracts on real-world events, and the price reflects the odds people see.

Rate hike

A rate hike is when a central bank raises its key interest rate, which usually makes borrowing more expensive.

Real yield

A real yield is a bond yield after subtracting expected inflation, showing the return an investor actually keeps.

Semiconductor

A semiconductor, or chip, is the tiny electronic part inside computers and phones that processes information.

Stablecoin

A stablecoin is a type of cryptocurrency designed to hold a steady value, usually by being pegged to a currency like the US dollar.

Steepening and flattening

A yield curve steepens when longer-term bond yields rise faster than shorter-term ones, and flattens when that gap shrinks.

Treasury

A Treasury is a bond issued by the US government to borrow money, and a key benchmark for borrowing costs.

Volatility index

A volatility index measures how much investors expect a market's price to swing up or down soon.

Yield curve

A yield curve is a line showing bond yields across different time periods, from short-term to long-term.

The numbers

WHAT	LEVEL	IN PLAIN WORDS
Bitcoin	$76,834	Price of one bitcoin, down 1.14% in 24 hours
Ether	$2,472.49	The second-largest cryptocurrency, down 1.91%
Brent oil	$107.70	World benchmark oil price per barrel, up 1.91%
US oil (WTI)	$103.44	The US benchmark barrel, up 2.02%
Gold	$4,313.10	Price per ounce, December futures, down 0.89%
S&P 500	7,619.98	500 big US companies, Monday close, down 0.48%
Nasdaq 100	29,127.16	Tech-heavy US index, Monday close, down 0.82%
US chip stock index	11,131.28	Semiconductor makers, down 5.86% on Monday
Nikkei 225	63,484.10	Japan's main index, flat on Tuesday
KOSPI	6,627.26	South Korea's main index, down 0.85%
SoftBank shares	6,279 yen	Up 7.54% after Monday's 10.72% fall
Dollar-yen	154.98	Yen per dollar; higher means a weaker yen
US 2-year yield	4.673%	What the US government pays to borrow for two years
US 10-year yield	5.033%	The benchmark US borrowing cost, highest since July 2007
US 10-year real yield	2.60%	Borrowing cost after inflation, Monday
Fed rate range	3.50% to 3.75%	The US central bank's current rate
Chance of a Fed hike Wednesday	91.5%	From futures markets, up from 89.5% at Monday's close
Chance of a Bank of Japan hike Friday	97.65%	From Polymarket
Fear and Greed index	69	Crypto mood from 0 to 100, up from 57
Bitcoin funds on Monday	+$160.0M	Money that went into US bitcoin funds
Ether funds on Monday	+$121.0M	Money that went into US ether funds
Strategy's average bitcoin cost	$75,412	Largest company holder; it bought none last week
CLARITY Act signed in 2026 (Polymarket)	18.5%	Down 13 points in a day
Hormuz deal by 30 Sept (Polymarket)	25.5%	Up 6.5 points in a day, on thin trading
All stablecoins	$311.96B	Crypto dollars in circulation, up 1.68% in a month
China retail sales, August	+0.4%	Growth from a year earlier, below 0.8% expected