THE BACKROOM BRIEF

BEGINNER EDITION

WEDNESDAY, 16 SEPTEMBER 2026

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

What happened overnight

The single biggest event of the day has not happened yet. The Federal Reserve is the US central bank. It sets the country's main interest rate. It is widely expected to raise that rate later today. That would be its first increase since 2023. Investors spent Tuesday's session and Wednesday morning positioning for that decision. Their moves are the real story from overnight.

The government sold long-term debt, and the usual buyers held back. The US Treasury sold $13 billion of 20-year government bonds on Tuesday. A bond is a loan investors make to the government. It gets paid back later with interest, called a yield. The sale went through in full, and total demand from buyers actually rose. What changed is who bought it. Large banks known as dealers are required to step in and buy what nobody else wants. This time they ended up holding 16.74 percent of the bonds. That is up sharply from 10.93 percent when the same 20-year bond was sold in August. Outside buyers, including foreign investors, took a smaller share too, down to 52.12 percent from 55.09 percent. Why it matters: when the steadiest buyers of US government debt pull back, it is worth watching. The sale itself did not fail.

A crypto rulebook bill stalled in the Senate, but it is not dead. A bill to set clear crypto rules failed a vote in the Senate on Tuesday. The vote is called cloture. It needs 60 votes to end debate and move toward a final vote. This one got 49 yes votes and 50 no votes. The bill still has a pulse. One senator who voted no did it on purpose. They wanted to preserve the right to bring the bill back later, and then did. Investors reacted anyway. Funds that hold bitcoin and ether for ordinary investors lost $591.8 million combined that same afternoon. Why it matters: crypto still has no settled rulebook in America. Money just showed how fast it leaves when politics stalls.

Saudi oil output hit a 36-year low. Saudi Arabia pumped 6.238 million barrels of oil a day in August, its lowest output since 1990. Attacks near export routes are choking supply. So is a near-shutdown of the Strait of Hormuz, a key shipping route for Gulf oil. Oil prices jumped Tuesday, with the Brent benchmark up almost 3 percent. Prices eased back slightly Wednesday morning. Why it matters: a supply squeeze in oil eventually shows up in the price of fuel and shipping.

UK prices rose, but only because of fuel. UK inflation, the pace prices rise, climbed to 3.1 percent in August from 2.9 percent. The whole increase came from petrol and diesel prices at the pump. The measures central banks watch most closely, called core and services inflation, did not move at all. Why it matters: a headline number can look scarier than it is. Here the jump has one traceable cause.

Crypto and stocks slid, and mood turned cautious fast. All 14 major cryptocurrencies this brief tracks fell, both over the day and over the week. That is a rare clean sweep. Bitcoin dropped 1.52 percent and ether fell 3.17 percent. US stocks slipped too, with the S&P 500 down 0.45 percent on Tuesday. A popular mood gauge called the Fear and Greed Index dropped from 69 to 51. That took it from a reading of Greed to a reading of Neutral. It is the biggest one-day fall this month. Asian markets moved the other way Wednesday morning, with stocks in Japan, South Korea and China all higher. Why it matters: mood swung fast toward caution overnight. Some markets elsewhere held up fine, heading into a big decision today.

Crypto, explained simply

What bitcoin and ethereum did today

Every coin the brief tracks, all fourteen, fell both on the day and over the week, a first for this brief. Bitcoin fell 1.52 percent to $75,893, down 3.90 percent for the week. Ethereum fell further, down 3.17 percent to $2,405 and 3.50 percent for the week. Solana dropped 3.66 percent to $97.16.

A "level" is a price traders watch closely, expecting the market to react there. One bitcoin level sits near $71,000, roughly what short-term holders paid on average. Below that, a band between $62,000 and $65,000 is where buyers have stepped in before.

Two things explain the drop. First, money left the big bitcoin and ethereum funds on Tuesday. An ETF is a fund you buy like a stock that holds an asset, such as bitcoin, for you, so you never hold the coins yourself. Bitcoin ETFs lost $450.3 million and ethereum ETFs lost $141.5 million that day. Some outlets called these the biggest outflows in months, comparisons the brief did not check itself, so treat the dollar amounts as solid and the record claims with caution.

Second, traders are bracing for a Federal Reserve decision on interest rates, due later today and not yet made as this was written. Higher rates can make an asset that pays no interest, like bitcoin, less appealing, so traders are staying cautious until the news lands.

The warning sign in ethereum

A "long" is a bet that a price will rise. A "short" is a bet that it will fall. "Funding" is a small fee, paid every few hours, that one side of those bets pays the other on exchanges where people trade with borrowed money.

On bitcoin, funding stayed positive all week, meaning the longs paid the shorts, a normal sign of an optimistic crowd.

On ethereum and solana, funding flipped negative. That means shorts, the traders betting on a falling price, are paying longs to hold their bets. Get the direction right: shorts are paying, not being paid.

That is unusual for ethereum, because 77 percent of ethereum accounts on the exchange Binance are betting long, the most one-sided crowd of any coin the brief tracks. Normally a crowd that lopsided pays the fee rather than collects it. Today the long crowd is collecting instead, and the shorts are paying to bet against them. Paying to hold the minority side reads as a stronger signal than it looks at first glance.

One catch: that 77 percent counts accounts, not money. Many small traders could be long while a smaller, better-funded group is short. So it does not mean 77 percent of the money is betting the price rises.

What the desk's five bets are watching

The brief keeps a running list of "trade views," ideas the desk is watching rather than money it has placed. None of the five carries an entry price today, so the real money at risk on this page is zero.

Each view carries a "conviction" score out of five dots, how confident the desk is. Every one of today's five scores two dots or lower.

Only one of the five is really about crypto. It watches whether ethereum's crowded long bets keep building while shorts keep paying against them. The desk drops the idea if that crowd thins out while price holds up. It calls the idea wrong if the crowd stays just as long and price climbs back to $2,500, a level where many ethereum options would expire worthless, something traders call "max pain."

The other four are not about crypto directly. They cover a government bond auction, the odds of a second Fed rate increase in October, oil prices, and a corner of the corporate bond market. The brief is upfront that all five ideas lean on one thing: today's Fed decision. Seven of the desk's nine total conviction points sit on that outcome.

None of this is a suggestion to trade. It is a look at how professional traders reason about a decision that has not happened yet, and that reasoning can turn out wrong.

The bottom line

The Federal Reserve is expected to raise interest rates today, its first hike since 2023. It has not happened yet. The odds sit between 87 and 90 percent across different betting and futures markets, so a hike is likely but not locked in.

A big government bond sale on Tuesday sold out in full. It did not fail. Banks called dealers just ended up buying a bigger slice of it than usual, 16.74 percent against 10.93 percent at August's sale, a sign of nervous demand rather than no demand at all.

A bill meant to set clearer rules for crypto failed a key Senate vote, 49 to 50. But it is not dead. One senator kept a path open to try the vote again.

Crypto prices fell across the board, and investors pulled nearly 600 million dollars out of bitcoin and ether funds in a single day.

Not everything looked shaky. Insurance costs on government debt eased in most countries and Asian stock markets rose. Put together, this looks like stress in a few specific spots rather than the whole system.

The brief was honest about its own limits too. It admitted it could not find some data today, including how much currencies are swinging around. It also corrected a mistake from yesterday, when it wrongly said short-term rates had moved more than long-term ones this week. They actually moved the exact same amount.

The one thing to watch today. The Fed's decision itself lands later today, along with its outlook for future rate moves. A hike alone is already priced in, so the real surprise would be a softer or stronger outlook than expected.

Word decoder

Auction
A sale where the government offers new bonds and investors bid on the interest rate they want to lend at.

Basis point
One hundredth of one percent. Traders use it because interest rates often move in tiny steps.

Bid-to-cover ratio
How many dollars of orders came in for every dollar of bonds sold at auction. A higher number means more demand.

Bond
A loan you make to a government or company. It pays you interest and returns your money later.

Central bank
The institution that sets a country's interest rates, such as the Federal Reserve in the US or the Bank of Japan.

Cloture
A Senate vote that ends debate on a bill so it can move to a final vote. It needs 60 yes votes to pass.

Conviction
A rating, shown as dots out of five, for how confident a trade idea is. More dots means more confidence.

Curve
Short for yield curve, a line showing interest rates for bonds of different lengths, from two years out to thirty.

Dealer
A bank required to bid at every bond auction. Dealers end up buying whatever other investors do not want.

Direct bidder
An investor who buys bonds straight from the Treasury instead of going through a bank or broker.

ETF
A fund that trades on a stock exchange like a share. Here it holds bitcoin or ether on investors' behalf.

Funding rate
A fee crypto futures traders pay each other. When it is positive, longs pay shorts. When it is negative, short sellers pay longs.

Hike
A rate increase. When a central bank hikes, it raises the interest rate it controls.

Indirect bidder
An investor who buys bonds through a middleman, often a foreign central bank or a large fund.

Inflation
How fast prices for everyday things are rising. Central banks raise rates partly to slow it down.

Long
A bet that a price will rise. Someone who is long makes money if the asset goes up.

Market value
The total dollar worth of every coin or share of an asset in circulation. Also called market cap.

Max pain
The price at which the most options contracts expire worthless, costing option buyers the most money.

Open interest
The total number of futures or options contracts still open and not yet closed out.

Prediction market
A site where people bet real money on the outcome of events, like elections or Fed decisions.

Real yield
A bond's interest rate after subtracting expected inflation. It shows the true return an investor actually keeps.

Short
A bet that a price will fall. Someone who is short makes money if the asset goes down.

Sovereign
Relating to a national government, as in sovereign debt, the bonds a country issues, or sovereign credit insurance that pays out if a country cannot pay its debts.

Spread
The gap between two rates or prices, often used to measure risk or stress in a market.

Stablecoin
A crypto token built to hold a steady value, usually one US dollar, backed by reserves.

Term premium
The extra return investors demand for lending money over a longer period instead of a shorter one.

Volatility
How much and how fast a price swings up and down. Higher volatility means bigger, faster moves.

Yield
The interest rate a bond pays, shown as a percentage of what an investor paid for it.

The numbers

Every important figure from today's full brief, with one line saying what it means.

WHAT	NUMBER	IN PLAIN WORDS
Bitcoin	$75,893	Down 1.52% on the day, down 3.90% on the week
Ethereum	$2,405.06	Down 3.17%, the weakest of the big two
Solana	$97.16	Down 3.66%
All 14 coins tracked	14 of 14	Every one fell on the day and on the week
Total crypto value	$2.599tn	Down 4.44% in a day
Bitcoin's share of crypto	58.51%	It lost less than the rest, so its share rose
Bitcoin fund flows	-$450.3M	Money taken out on Tuesday
Ether fund flows	-$141.5M	Money taken out on Tuesday
Fear and Greed	51	Neutral, down from 69. Biggest one-day drop this month
S&P 500	7,585.73	Down 0.45% on Tuesday
Nasdaq Composite	25,981.57	Down 0.78%
VIX, the fear gauge	16.89	Low. Stock markets are not panicking
US 10-year yield	4.977%	Back below 5% after touching it Tuesday
US 2-year yield	4.646%	What cash roughly pays you to wait
20-year bond auction	5.420%	The rate the government had to pay. Slightly worse than expected
Dealers' share of it	16.74%	Against 10.93% in August. Banks took more
Outside buyers' share	52.12%	Against 55.09% in August. They took less
Orders per dollar sold	2.57	Up from 2.53. Total demand actually rose
Fed rate increase odds	87.5 to 89.8%	Across three separate markets. Likely, not certain
Current Fed rate	3.50 to 3.75%	The range before today's decision
UK inflation	3.1%	Up from 2.9%, all of it petrol and diesel
UK core inflation	2.6%	Did not move at all
Brent oil	$108.75	Tuesday's close, up 2.90%
Saudi oil output	6.238m barrels	Per day in August. Lowest since 1990
Gold	$4,384.82	Up 1.20%, rising even as rates rose
Dollar index	99.66	Barely moved
Senate crypto bill vote	49 to 50	Needed 60. Failed, but not finished
Odds it becomes law in 2026	5.15%	Down from 18.5% before the vote