THE BACKROOM BRIEF

BEGINNER EDITION

THURSDAY, 17 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 biggest event overnight: the United States' central bank raised interest rates for the first time since 2023. A central bank sets the cost of borrowing money across the whole economy. When it raises rates, loans, mortgages and credit cards usually get more expensive. That slows down spending, which in turn slows how fast prices rise. Central banks raise rates when they think prices are climbing too fast and need cooling off.

The US raised rates for the first time in more than three years

On Wednesday the Federal Reserve, the US central bank, raised its target interest rate by a quarter of a percentage point, to a range of 3.75 to 4.00 percent. It is the first increase since July 2023, and every voting member agreed, 12 to 0. By Thursday morning, a gauge of investor nervousness called the VIX had fallen 8.41 percent, European stock markets had opened higher, and every major cryptocurrency this brief tracks had risen in price. This matters because not every market cheered. On Wednesday the Dow fell 1.21 percent and the S&P 500 fell 0.45 percent.

Hong Kong had to hike. Brazil got to cut.

Hong Kong's currency is tied to the US dollar within a narrow band, so its central bank has no real choice but to follow the US automatically. It raised its own rate by a quarter point too, its first increase in more than three years, purely because the US did. Brazil went the other way within hours of the US decision. Its central bank cut its rate for the fifth time in a row, to 13.75 percent. Brazil's currency floats freely and its inflation is cooling, so it did not have to follow. This matters because it shows how much power the US central bank has over countries tied to its currency, even when they would rather not follow.

Britain decides today. Japan decides tomorrow.

Britain's central bank, the Bank of England, meets today and has not decided anything yet. Its rate currently sits at 3.75 percent, and three of its nine policymakers were already pushing for a rate rise before today's meeting. Japan's central bank meets tomorrow, also undecided. Its rate is close to 1.00 percent, and news reports expect a quarter point rise, but that is only an expectation, not a done deal. This matters because two more of the world's biggest economies are about to make their own calls within a day of the US, and nobody knows either outcome yet.

A hopeful reading of the bond market, with a catch

Investors in US government bonds also reacted on Wednesday. One measure of the return bonds pay after accounting for expected inflation rose. A separate measure of how much inflation investors expect over the next ten years fell. Together, that combination can mean investors believe the rate rise will keep prices under control. But the numbers could just as easily reflect something else entirely: a heavy week of government bond sales that had nothing to do with the Fed's decision. Nobody can say yet which explanation is right, and the brief is careful not to treat the hopeful reading as settled. This matters because the same two numbers can tell more than one story, so both are worth keeping in mind.

A 200-day shipping blockade, still unresolved

The blockade of the Strait of Hormuz, a shipping route that carries oil out of the Gulf region, reached its 200th day. The number of ships moving through it each day has fallen sharply, from around 85 before the crisis to somewhere between two and eight now. But a falling ship count cannot be turned into a known amount of lost oil, because ships carry very different amounts of cargo, and nobody has the data to make that conversion. The United States said a damaged pipeline in Saudi Arabia would restart within days, but that pipeline is a separate route that goes around the strait, not through it, so fixing it does not end the blockade itself. This matters because oil prices affect the cost of fuel everywhere, and this risk has now lasted more than six months.

Crypto, explained simply

On Wednesday the Federal Reserve, the United States central bank, raised its main interest rate a quarter point. Textbooks say that should cool appetite for risky investments. Instead every one of the fourteen major cryptocurrencies this brief tracks rose on the day. Bitcoin gained 1.24 percent to $76,412. Ether gained 2.30 percent to $2,441.15. Solana rose 3.51 percent. The smallest, most speculative coins gained the most, with Bonk up 6.99 percent and Sui up 5.54 percent.

Two things temper the excitement. Look at the week, not just the day: eleven of the fourteen coins are still down over seven days, bitcoin included, off about 2.6 percent. The brief calls Wednesday a bounce inside a losing week, not a change in trend. Trading volume, the amount of money changing hands, also fell for ten of the fourteen coins even as prices rose, bitcoin's by 23.58 percent and ether's by 17.81 percent. A price rise on shrinking volume carries less weight.

A fee that switched sides

On the exchanges where traders bet on crypto prices, a recurring fee called funding passes between the two sides. When funding is positive, traders betting a price will rise pay a fee to traders betting it will fall. When funding is negative, it works the other way.

Ether's funding just flipped. A day earlier it was negative, so traders betting ether would fall were paying traders betting it would rise. Now it is positive, at 3.694 percent a year, so the traders betting ether will rise are the ones paying. The side footing the bill switched in a single day.

Why this was probably not short covering

One easy guess is that the rally came from short covering: traders who had bet against crypto giving up and closing those bets. The brief argues against it. It points to open interest, a count of how many bets are still open. That count rose alongside the price. If traders betting on a fall were closing out, open interest would fall, since closing a bet removes it from the count rather than adding to it. Rising open interest next to a rising price usually points to new buyers stepping in instead. The brief is honest it cannot say exactly who bought, or why, only that short covering does not fit.

One more caution. The brief tracks a bull to bear ratio for each coin, showing what share of trading accounts are betting up versus down. For ether, about 75 of every 100 accounts are betting on a higher price, the most one-sided reading tracked, though slightly eased from the day before. This ratio counts accounts, not money, so a change in it is not traders cutting the size of their bets.

What some traders are watching, and why

Separate from its reporting, the brief lists five trade views: ideas some traders are watching, each with a direction, a conviction score out of five showing how confident the desk is, and a reading that would confirm the idea or kill it. These describe reasoning, not instructions to trade.

Four carry the label watch, meaning the desk is tracking a signal and has written down what would confirm it or kill it. One watches whether bond investors keep expecting lower inflation now the Fed has hiked. One watches whether today's large government bond sale again leaves the big banks that must bid holding an outsized share. One watches whether the extra interest the riskiest, lowest-rated companies pay to borrow keeps climbing while the safest borrowers' costs have not moved. The brief says that could be early stress or a quirk in a small index. The last watches ether itself: the crowd betting higher has thinned slightly and started paying funding instead of receiving it.

The fifth carries a direction: a long bias on Brent crude oil, meaning some traders lean toward expecting the price to rise. The reasoning rests on a shipping blockade in its two hundredth day, with war-risk insurance quoted around forty times its pre-crisis level. Prices fell after the United States said a damaged pipeline would restart within days, but the brief treats that as news about timing, and the blockade has not ended. The brief also flags max pain, a level tied to Friday's options expiry, sitting above ether's current price. Max pain is a calculated number showing where option sellers owe the least money, not a forecast.

The bottom line

The United States central bank raised its main interest rate by a quarter of a percentage point on Wednesday, to a range of 3.75 to 4.00 percent. Every voting member agreed, 12 to 0. It is the first rate rise since July 2023.

Most of the people who set that rate think there is more to come. Sixteen of eighteen officials expect at least one more rise this year, and four of those expect two.

Other countries moved within hours. Hong Kong's currency is pegged to the dollar, so its central bank had to raise its own rate too, automatically. Brazil's currency floats freely and its inflation is cooling, so its central bank was free to cut rates the same afternoon as the US rise.

The brief's main idea is that bond prices moved the way you would expect if investors believe the central bank will keep inflation under control. But the brief says clearly this is not settled, since the same price moves could come from something else, like the government selling a large amount of bonds that same week.

The one thing to watch today

Britain's central bank announces its own rate decision today, and the United States auctions 19 billion dollars of inflation-protected bonds, with results landing after this brief was written. Japan's central bank decides tomorrow.

Word decoder

Auction
When a government sells new bonds to investors to borrow money. Today's brief mentions a 19 billion dollar bond auction.

Basis point
A small unit for measuring interest rates. One basis point equals one hundredth of one percent.

Bond
A loan an investor makes to a government or company, repaid later with interest.

Breakeven
The gap between a normal bond's yield and an inflation-protected bond's yield. It is a rough gauge of the inflation investors expect over that time.

Central bank
The institution that sets a country's main interest rate. The Federal Reserve is the United States central bank.

ETF
An exchange-traded fund. It is a basket of investments, such as bitcoin, that trades on an exchange like a regular share.

Funding rate
A payment crypto traders make to each other on a regular schedule. Positive funding means traders betting on a rise pay traders betting on a fall, and negative funding means the reverse.

Inflation
The pace at which prices rise over time, which reduces how much a fixed amount of money can buy.

Interest rate
The cost of borrowing money, or the reward for lending it, shown as a yearly percentage.

Level
A specific price that traders watch closely, because crossing it can change how people expect the price to move next.

Liquidation
When a trader's bet is forced closed because they no longer have enough money to cover their losses.

Long
A bet that a price will rise.

Market cap
Short for market capitalization: an asset's price multiplied by how many units of it exist.

Max pain
The price at which the largest number of options contracts would expire worthless.

Open interest
The total number of bets still open on an exchange. Closing a bet lowers it, and opening a new one raises it.

Peg
A country's promise to hold its currency at a fixed value against another currency, as Hong Kong does with the US dollar.

Policy rate
Another name for the interest rate a central bank sets and controls directly.

Real yield
A bond's yield after subtracting expected inflation, showing the return an investor actually keeps.

Short
A bet that a price will fall.

Spread
The gap between two related numbers, such as the extra interest a risky company pays to borrow compared with a safer one.

Tightening
When a central bank raises interest rates or otherwise makes borrowing more expensive, usually to slow inflation.

Volatility
How much and how fast a price moves up and down. The VIX index tracks expected volatility in the stock market.

Yield
The yearly return a bond investor earns, shown as a percentage of the bond's price.

Yield curve
A line showing yields across bonds of different lengths. Its shape is read as a signal about the economy.

The numbers

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

WHAT	NUMBER	IN PLAIN WORDS
Bitcoin	$76,412	Up 1.24% on the day, down 2.6% on the week
Ether	$2,441.15	Up 2.30% on the day, down 1.5% on the week
Solana	$99.96	Up 3.51% on the day
The 14 coins tracked	14 of 14	All rose on the day. Eleven are still down on the week
Bitcoin's share of crypto	58.32%	Steady
Bitcoin fund flows	-$295.98M	Money taken out on Wednesday. Tuesday was -$450.33M
Ether fund flows	-$224.11M	Money taken out on Wednesday
Fear and Greed	50	Neutral, down from 51. Lowest since 19 August
US Fed rate	3.75 to 4.00%	Raised a quarter point, 12 votes to 0
Fed officials expecting more	16 of 18	See at least one more increase this year
Odds of another rise in October	55.1%	Priced on futures. A betting market says 46.0%
US 2-year yield	4.74%	Up 7 basis points on Wednesday, Treasury data
US 10-year yield	5.01%	Up 1 basis point on Wednesday
10-year real yield	2.68%	Up 6 basis points
10-year breakeven	2.33%	Down 5 basis points. What bonds imply for inflation
S&P 500	7,551.81	Down 0.45% on Wednesday
Dow	51,461.90	Down 1.21%
Nasdaq Composite	25,978.43	Down 0.01%, basically flat
VIX, the fear gauge	16.22	Down 8.41% after the decision
Hong Kong base rate	4.25%	Raised automatically because of the currency peg
Brazil Selic rate	13.75%	Cut a quarter point, the fifth cut in a row
UK Bank Rate	3.75%	Decision today
Japan policy rate	about 1.00%	Decision on Friday
Brent oil	$105.83	Wednesday settle, down 2.69%
Gold, December	$4,387.50	Wednesday settle, up 1.26%
Dollar index	99.99	Barely moved
Hormuz blockade	200 days	Reached its 200th day on Thursday
US inflation-linked bond sale	$19 billion	Sells today. The result lands after the brief

This is general commentary written to help people learn how markets work. It is not financial advice.