

Chart of the Day Free Tutorial: Action Bias

December 18, 2025

Scott breaks down the "Wear Them Out" pattern—a frustrating, directionless market phase designed to exhaust traders through chop, volatility, and fakeouts. He emphasizes that while the long-term macro picture for 2026 remains positive, the current technical picture is struggling, with major indices like the QQQ trading under their 50-day moving averages.

Next Steps:

1. Recognize the Urge: Understand that the need to trade "because Christmas is coming" or "to make up for losses" is an emotional reaction, not a logical signal.
 2. View Inaction as Action: Reframe "doing nothing" as a deliberate, disciplined choice. Sitting on your hands is part of a professional trading job.
 3. Use "Hoddlebags": Maintain a core long-term position to ride out volatility while staying patient with your active swing-trading capital.
 4. Wait for the Signal: Scott notes that he is deliberately posting fewer charts because he is waiting for a clear, high-probability signal to avoid getting "chopped up."
- The Bottom Line: Sometimes the most productive thing you can do for your portfolio is to sit, wait, and let the "Wear Them Out" pattern exhaust everyone else while you stay disciplined.

Transcript:

0:00: OK, so this is what I like to call the wear them out pattern.

0:04: If you are feeling worn out from crypto, if you're feeling exhausted from this, asset class, this, hourly chart here, I think is a lot of the reason why, because we haven't really gone anywhere.

0:15: You know, we fell from, the, you know, the October, liquidation, fell really hard, broke under the 50 day, broke under the 200 days, started trending lower.

0:26: And then, even though we've stopped going vertically down.

0:31: When you get patterns like this, the wear them out pattern, it can almost be worse because it, it's like directionless and there's a lot of fake outs, you know, like I said, we're seeing that today.

0:41: Bitcoin was up around, up above 90,000, half an hour ago.

0:45: Now it's 87,000.

0:46: Like, like that's exhausting.

0:49: And, and that is, I think, part of what's going on in the market right now.

0:54: it's just that chop and volatility, you know, the, the macro picture, as we know, looks pretty good for 2026, and into the end of 2025.

1:03: But as I've been saying, the technical picture is struggling.

1:07: And you see that happen, you see that playing out right now in, The general stock market, where the queues, the QQQ is under the 50 day moving average.

1:16: And we know that the best trades on cus come above the 50 day moving average, and so we're struggling on the general stock market, and as I've been saying, you know, it's asking a lot, if, if Nvidia and the tech stocks aren't breaking out, It's hard to get Bitcoin to get going.

1:32: And so I think there's, just a level of patience that is required, and that brings us onto really the main topic that I want to talk about today, and that's action bias.

1:42: You know, action bias, is asking the question, why do we prefer to do something rather than do nothing, right?

1:50: If you go back in time, on, and you know that this chart is playing out, You know, at what point is the right thing to do?

1:58: If you're someone that's a swing trader, and I'm talking about, you know, trying to hold things for a couple of days, a couple of weeks.

2:05: You know, you look at this and you go, well, when was the right time to buy?

2:08: I look at this and go, I don't know.

2:11: I don't, I don't see anything to do.

2:13: And so action bias, a lot of times, it can, it can cause us to want to do things.

2:18: And so I think that that's really important to talk about when the market is choppy like this.

2:22: Whether you're talking about stocks or crypto, I think that this lesson And this information is super powerful for you, just generally, as a trader.

2:30: And so, when I really talk about action bias, because I see it happening in the active trading chat at crypto Maret Mentor, I see it happening in the active trading room at Stock Market Mentor.

2:41: And it's a lot of people, I think that are doing things just for the sake of doing things.

2:45: And I think that if we understand what this is, and understand, how it can impact us and the outcomes of having action bias, I think it, it can make us, make us a better trader, because then we can understand, oh, you know, do I have the action bias right now?

3:01: Or is there a clear signal that I'm trying to take?

3:05: And whether you make money on that trade or not, understanding this aspect of yourself, this aspect of trading, I think is going to, cut down on a lot of potential false signals that you're seeing, because you'll look at a chart and go, oh, you know what, I actually don't see anything, as opposed to, I don't know, I'm sitting here, maybe I should just put some money to work.

3:28: maybe if I do something, you know, it'll work out.

3:31: And so really want to talk about that here today.

3:33: And so first off, just define it for you, what is action bias?

3:38: The action bias is, a tendency to favor action over inaction.

3:43: Now, often as a default, of an automatic reaction, even if there's no evidence that acting will lead to a better outcome, right?

3:51: Looking at that, chart pattern.

3:53: , you know, I, I, where's the, where's the signal here?

3:58: You know, to trade something, to hold it for a couple of days.

4:02: I'm not talking a couple of hours.

4:04: Yeah, you know, oh, well, I should have bought here so I could buy there, or I should have bought here so I could, I should have bought here so I could sell there.

4:10: I should have bought here so I could sell there.

4:12: Should have bought here so I could sell there.

4:13: I mean, that's like short term.

4:15: I, I think of that more of like day trading.

4:18: I'm not talking about day trading, I'm talking about swing trading, holding something for a couple of days, a couple of weeks, something where you're riding a bit of a trend.

4:25: And so, you know, if we see a signal on a chart, a lot of times we can say, well, I just, I, I, I should, I should do something.

4:34: It's price is moving.

4:36: If I, if I bought 20 minutes ago, I would have made money.

4:39: And so I should buy something now.

4:41: And so there's a core instinct and a battle that we have as active investors of Maybe I should do something, or is there something to do, versus, I should wait and see.

4:53: I should wait, wait and see if this move is actually real, before trying to take action or heavy into an idea.

5:00: And there's a difference between having a small position, taking a starter, and, you know, being all in and all out.

5:07: And so that's really what I'm talking about, you know, talking about core allocation.

5:12: For big gains, rather than just, I'm taking a feeler here, I'm buying a few shares here, I'm buying a few tokens there.

5:18: So I hope that, hopefully that makes sense.

5:20: And so hopefully that, that helps you understand, you know, really what, an action bias is.

5:25: We all have it, myself included.

5:28: Now a great example of this is using a soccer goalkeeper study.

5:32: Now, they did a study about Goalkeepers in soccer, and when facing a penalty kick, a lot of goalkeepers will just instinctively jump to the left or the right.

5:44: And the reality is that if they are more likely to stay in the center, and essentially wait for the kick to, to happen.

5:53: They're more likely to make a save, because they are reacting to what's happening instead of anticipating what's happening.

6:01: But they jump, and maybe, you know, I see this in hockey as well.

6:04: we see goalies, who the, the, the puck will go over the one side of their shoulder and they'll raise their glove, like, even though the puck's over here on this side.

6:14: And it's because they have a bias, right?

6:16: They jump because, missing the ball, missing the puck feels better than just standing still.

6:22: I didn't see it at all.

6:23: And so the lesson here is that a lot of times, as active investors, you know, we prefer to look like we're doing something.

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6:30: You know, maybe you see those people in the chat or in the, in the forum, it looks like they're trading 50 different stocks at a time, and they're trying to look really busy.

6:39: A lot of times, you know, in my experience, you know, if you see those people in real life, you know, maybe they're trading 10 shares here, 20 shares there, you know, it, it's hard for them to make a lot of money if they, I can't imagine trying to trade 40 different stocks at a time, like, my God.

6:54: But a lot of people, you know, if they look busy, then, then everyone thinks that they're making money, and maybe that's an ego thing coming out.

7:00: And so I think that that's something that's really interesting, that it's not just with traders, right?

7:05: It's with in sports as well.

7:06: Any sort of performance.

7:08: A lot of times you can, react, or, or sorry, you should be reacting, but a lot of times you'll anticipate something and you'll, you'll move, you'll make a move, you'll buy something too early, because You're anticipating a bounce.

7:23: You're not waiting for the signal of that bounce to happen.

7:26: Now, why does this happen?

7:28: It's evolution, baby, you know, from our, our ancestors.

7:33: immediate action, in the caveman days, that was required for survival.

7:40: I'm hungry, I gotta go, I gotta eat, I gotta feed my family.

7:42: I gotta take action right now.

7:44: We are hardwired to take action.

7:48: And it's still in us, you know, it's still in our brains.

7:50: And, and why is that?

7:52: Because it gives us the illusion of control.

7:54: If we are acting, we feel like we have control over random outcomes.

7:59: You know what's happening in crypto right now, this could be just a random outcome, maybe a bit of a pump, maybe a bit of a dump, but if we don't do anything, maybe it feels like we're, we're giving up on the sector, we're giving up on the trade, or something like that.

8:12: There's also a social conditioning, where, a society will reward busyness.

8:17: You know, if I'm posting charts all the time for everyone, a crypto market mentor, you guys think, oh man, I'm getting a lot out of this subscription.

8:24: Scott's posting so many charts right now.

8:26: And a lot of times, you know, I only want to post a chart when I think there's something to learn from it or something to, that you can take action on.

8:34: , and, and yesterday was a great example.

8:37: I, you know, I didn't really post that many charts yesterday.

8:39: I posted a few, but I didn't post a lot.

8:41: Doesn't mean I'm not working.

8:42: Doesn't mean I'm not sitting here scanning charts, looking for things to do.

8:47: but, but sometimes if you see a, a chat room that's really busy, even on a day where, The chat room really shouldn't be that busy, you can think, wow, everyone else is making money but me.

8:56: and that's, that's not usually the case.

8:58: And so, you know, we're taught at a young age that the devil makes work for idle hands, and, and so there's a lot of social, aspect to, to action bias.

9:09: I gotta take action.

9:09: Oh, it looks like everyone's buying, I gotta buy it, it looks like everyone's selling, I gotta sell.

9:13: oh, it looks like everyone's trading this, maybe I'll trade that.

9:16: , and, and that can, that can often lead to a lot of over-trading, as we know.

9:21: There's also overconfidence where we believe that our intervention will improve the situation.

9:26: And so if you are struggling in your trading right now, A lot of times we can say, well, maybe I just need to trade more.

9:32: I just need to, I'm not trading enough.

9:34: I need to, I need to buy and sell and buy and sell and buy and sell, and then that's gonna, that's gonna fix the situation that I'm in right now.

9:40: Maybe I, maybe I took a big loss, and now I want to make up for those losses, so now I'm gonna overtrade, and I'm feeling really overconfident, because I made that money, in the first place, I can make it again.

9:51: And so even if we're in a complex situation that we don't fully understand, like the current technical picture on markets, why are markets going up and down?

9:59: You know, I, I actually don't know.

10:01: I don't know why Bitcoin pumped, I don't know why Bitcoin dumped.

10:04: , and so if you don't have a systematic process for trading of, OK, I'm getting in here because of this signal that I saw, I'm getting out here because this signal went the other way, you know, if you don't have that system in place, a lot of times you're just throwing darts, and, you know, trust me, if you're, if you're doing that, then, then you know exactly what can happen to your account and bleed out all of those gains that you made when, when trading was easy and the trend was in your favor.

10:32: And so, that's why it happens.

10:34: You know, don't blame yourself.

10:36: I mean, you can't blame yourself to some extent, but we are hardwired to take action.

10:40: You know, I'm a fixer.

10:41: I want to fix things.

10:42: And a lot of times, you know, if I'm having a fight with, someone that I care about, I want to fix the problem.

10:48: How can I fix it?

10:48: What can I do?

10:49: I need to do something to fix this problem.

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10:51: Now, a lot of times, sometimes if you're having a conversation with a significant other, a lot of times just listening.

10:57: You know, you don't have to do anything, you just need to be heard and or in trading.

11:01: , you just have to watch, watch the chart, watch it play out, and then when that signal's there, that's when you take action.

11:08: But we are hardwired to act, and so don't, don't come down too hard on yourself, because it's just part of who we are as humans.

11:15: And I think it's important to understand that.

11:17: That said, there are real consequences, especially in finance.

11:21: And as active investors, the trap is that we can panic sell, panic buy, or overtrade during market volatility.

11:28: And so We, and many traders rarely outperform passive index funds.

11:34: That's why the S&P 500 is the benchmark, right?

11:37: That's why huddling Bitcoin is the benchmark.

11:41: Because if you can't outperform the indexes, you might as well just buy the index, right?

11:46: Or buy a leveraged version of the index if you can't do it.

11:48: And, and look, look at your trading, you know, look at your, your results over the past couple of years.

11:52: How many years have you outperformed the S&P 500?

11:54: A lot of people haven't.

11:56: Even though they're, they're trading every day, or trying to trade every day.

12:00: It's so a lot of, a lot of trading successfully is.

12:04: Doing nothing, just sitting there, right?

12:06: And that's why huddlers, Bitcoin huddlers, make money over the long term, because they just embrace that volatility.

12:13: And that's why I think it's important to have that huddle back, where you are just embracing the volatility, where you are just riding the swings up and down, because Sometimes it can be so volatile that, you know, you'll just get chopped up, you'll have less Bitcoin than when you started with because of the intense volatility.

12:29: Like today is a perfect example.

12:31: Looked like Bitcoin was going to 95,000 today, and then all of a sudden, 30 minutes later, there it goes.

12:37: And so, you know, I've, I've experienced that in my own trading, probably experiencing it today because I did buy a little crypto today.

12:43: I was sitting in cash, earlier this morning.

12:46: OK, buy a little crypto.

12:47: I see a little breakout here.

12:49: and so, Would I have been better to do nothing, probably.

12:53: And, and a lot of times if you're a hoddler, that's just what you got to keep doing, because ultimately, if your idea is right, and your research is right and solid, you'll make more money by doing nothing.

13:03: And that's why we have hoddlebags.

13:06: That's why I talk about hoddling, because then ultimately you're just participating in that long-term trend.

13:11: And if you look at technology, the long-term trend tends to resolve to the upside, even within 30%, 40% or, or deeper pullbacks.

13:21: Now how do we overcome this?

13:22: Because it's not just something that we want to be aware of, it's something that we want to try and tackle, try and recognize.

13:28: And the first way is just to understand when you have the urge to take action, that it's an emotional urge.

13:35: I'm, I feel like I'm missing out on money.

13:37: I feel like I'm missing out on my goals.

13:39: I gotta take action, because Christmas is coming up.

13:42: I want to make a little extra money and give my family a better Christmas.

13:45: You know, that's not a logical one, that's a, that's an emotional one.

13:48: And so really important to understand that, you know, a lot of your bad training, a lot of my bad trading, it comes from an emotional spot of, well, you know, I feel good about this idea, but so I'll just take, I'll just buy some here.

14:01: And maybe it's not a good technical picture, but that's an emotional reaction that you're taking.

14:06: And so you want to make sure you're evaluating and, and give doing nothing equal consideration.

14:12: Am I seeing a signal right here?

14:14: Is doing something better than doing nothing, or is, is doing something just more comforting?

14:20: Do I feel like I'm taking, well, you know, at least I'm working here.

14:23: I, you know, I did something.

14:25: And I remember having a conversation with a friend of mine, good trader, chartered market technician, you know, he's read all the books, he's done all the stuff, and he would stare at the screen all day.

14:36: And a lot of times his, mistakes would come because he felt like if he didn't tell his wife that he was, buying and selling or trading,, that he wasn't doing his job, and, and that, that was a wasted day.

14:48: But I think you want to reframe that, and you want to view inaction as a deliberate choice.

14:54: I'm I'm deliberately being patient here.

14:57: I'm deliberately being disciplined here, as opposed to look, you know, staring at the chart being like, well, I didn't do anything today, and that makes me a failure.

15:06: That's not the case.

15:07: You're, you know, discipline is action, and so you want to look at it like that.

15:12: And then you also want to slow down and realize that in complex situations, slow, deliberate action often beats immediate reaction.

15:20: Now, I'm not talking about, oh, the market's crashing, you just want to let your positions go.

15:24: I'm not talking about that.

15:26: I'm talking about, you know, if you, if you are unsure what's happening, sometimes it's better to sell and then ask questions later in that situation.

15:35: You know, oh wow, everything's selling off.

15:37: I don't see any news, why is this happening?

15:39: Maybe I just need to sell right now.

15:41: And then, Slow my roll, figure out what's happening, take my time, and then put money back to work.

15:48: And so if you use these strategies, if you find yourself overtrading or getting, chopped up a lot.

15:55: Maybe you have the action bias.

15:58: And this is how to fix it.

15:59: So the bottom line is sometimes the, the bravest and most productive thing you can do is just sit and wait.

16:06: And wait for the signal.

16:07: And that's what I've been doing a lot of here, crypto-market mentor.

16:10: Scott, why aren't you putting out trading ideas every single day?

16:13: I'm waiting for a clear signal.

16:14: I don't want us to get chopped up any more than we already have because of patterns like this.

16:20: You know, I want to be a part of a strong uptrend and make life-changing money.

16:25: And a lot of us have done that already.

16:27: And so, in my opinion, You know, you shouldn't be looking for things to do, to justify a subscription to something.

16:35: I think you should be, trading along with a group of experts and people who are stocking charts and looking for the exact time to enter in the clear signal to enter.

16:45: So I hope that that's helpful for you today, guys.

16:47: I hope that this makes sense.

16:48: It's something I've been thinking about a lot, because, like I said, I see it, and, and, you know, and I find myself today, I probably shouldn't have taken action on, buying some ZCash today, when I did.

16:59: , because I knew I had the webinar, and I was, you know, I'm not really able to manage that position, the way I want to.

17:06: But I saw the signal, oh, up on, up on good volume, took out the high day, I can have a stop at the lower day.

17:11: OK, I'll put a trade on here.

17:13: I had the action bias.

17:15: I wanted to take action.

17:16: Like I said, Bitcoin was up like \$2000 at one point.

17:18: Oh man, I'm gonna miss it.

17:21: You know.

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17:21: And so luckily I'm not as big in that position as, as I would have been normally because I got the webinar, I gotta, I gotta spend time with you.

17:29: And so, you know, it happens to all of us.

17:31: It can happen on a day to day basis, but it's important to recognize when it is happening, and important to recognize how you can overcome it, because there are things you can do, actions you can take.

17:41: That, that lead to better trading, more, deliberate trading and disciplined trading, especially when things are choppy, and you just wanna, you want to get that feeling again, right?

17:53: I've talked about that before, the feeling of making money.

17:56: We all want that feeling of making money again.

17:58: And when you're, you know, chopping sideways, a lot of times that's where you end up giving most of your money back, because you have the action bias and you're, you're taking action when you shouldn't.