

## Chart of the Day

### Crypto Market Mentor Tutorial: Size Matters — Position Your Trade For Success

February 20, 2026

Scott discussed the historical tendency for markets to "test" new Federal Reserve leadership, noting that 10 out of the last 13 Fed chairs experienced a drawdown exceeding 10% during their first year. With Kevin Warsh nominated to succeed Jerome Powell in May 2026, Scott warned that a similar 10% correction from current levels would pull the SPY down to the 612–613 range, placing it below its 200-day moving average. To survive this "sloppy, choppy" environment, he emphasized a shift from aggressive breakouts to defensive risk management, specifically advocating for small position sizes and wider stop-losses. Scott argued that the primary cause of ruined trades is "being too big," even when the thesis is correct, and urged traders to prioritize "staying in flow" over picking bottoms during the current "crypto winter" and stock market uncertainty.

#### Next Steps:

1. Reduce Position Size for Choppy Markets: To "save yourself from yourself," cut your standard trade size significantly. Scott suggests that a smaller size (e.g., \$100 risk on a \$10,000 account) allows you to use the "wide stops" necessary to withstand high volatility without emotional panic.
2. Utilize Limit Orders Exclusively: Avoid market orders, especially in thinly traded crypto assets like Dash. In a bear market, "sloppy execution" on market orders allows exchanges to "screw you" on price; instead, set specific limit orders at key support levels like 73,376 for Bitcoin.
3. Implement the "Half-Size" Entry Rule: Never enter a full position at once. If your target is 100 shares, buy 50 initially. Only add the second half once the trade is working and the trend shows clear confirmation.
4. Isolate Trading Funds: Protect your "big bag" of long-term holdings by moving a small percentage (e.g., 1%) to a separate exchange or account for active trading. This physical barrier prevents "itchy" overtrading of your main capital during periods of high leverage flush-outs.
5. Respect the "No Man's Land" Rule: If a stock or crypto asset misses your specific entry trigger by a certain percentage, let it go. Do not "chase the target through the woods"; wait for the next clean setup to maintain your discipline as a "sniper" trader.

#### Transcript:

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Now, one thing for the general stock market is that we are expecting the market to test the new Fed chair. 10 out of the last 13 Fed chairs have seen a greater than 10% draw down in their first year as a Fed chair. So again, that's just something we want to be aware of in terms of the general stock market. If and when we get a new Fed chair, the market may test him uh to say, "Okay, Kevin, I know you said you don't want money printer go burr, but what if we push the market down 10%." What do you what do

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you think then? And a 10% draw down from where we are now, guys, that's around uh just on SPY, that's around 612, 613 under the 200 day moving average. So that's where that's if we were to draw down 10%. Now again 10 out of 13 have had a greater than 10% draw down in their first year. So this is something again I just want to be aware of and I want to have a plan for and that's where our next section of the webinar comes in because if we are going to continue to be in a sloppy choppy market I don't

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want to just sit on my hands. I don't want to just sit here and watch price go down. There are trades I want to do. There's potential swings that we can make where we are swinging into a bare market, a bare market rally where it can hold for a couple of days. Now, that would be ideal, but again, you got to have a plan for it. And so, I think the plan really starts with position size. I want you guys to really focus on your position size while we're in this choppy, sloppy market. And so I have a

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few slides here that I want to talk about to help you manage risk accordingly in this choppy market so that you can continue to trade, stay in flow, and then when the trend does change, ideally already have some pilot positions that you can then add to as opposed to sitting on the sidelines going, "I know Bitcoin's going to a million, but it's at 73 now. I should just put it all in now and and hope for the best." Right? That's not what I want. I want you guys to be able to

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trade this market effectively. And to do that, I think one of the major success pillars is position size. Position size will make or break a trade, especially when that trade is volatile. And this is something, trust me, I've had to learn the hard way. And so, you know, this is coming from uh my years of experience of messing up good trades because I was too big even though I was right on the idea. And that too big size can just it can it can ruin a great trade especially when when the trade is chopping sideways and

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essentially not doing anything wrong. It's just doing this. That's all. It's doing what it was doing before. And so to do that we need to look at a few things. And one of which is your stop-loss width. And so if you are going to have a smaller position size, it allows you to have that wide stop because now all of a sudden you're not buying a thousand shares and being like oof, I can't let it drop a dollar cuz then that's a,000 bucks I'm down. I don't want to lose a,000 bucks right

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now. But if you instead buy a hundred, well, now you got that wide stop. Now I can give this thing \$10. And within that \$10, I can decide if I want it or not or I can decide where my stop is or or whatever it might be. And so what you really want to focus on, guys, is that small position size because it allows you to have that wide stop loss. And again, in sloppy, choppy markets, that's what you're going to need. Look at the volatility just in Bitcoin yesterday. The volatility in Bitcoin yesterday was

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unreal. We had a um we had a a ranging bar that opened at uh or sorry was a high of 79 and a low of 72 yesterday. High of 79, low of 72. I mean, how in God's name are you expected to trade something like that because of that wide range? You can't, right? You can't do it with a risk management uh risk management system. And so position size is the thing that's going to help you stay in flow with the market. So, if you do feel the need to to trade, and I'm not going to tell you not to, and I'll

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I'll send out my ideas when I see my ideas, but if you're like itching, chomping at the bit, the way you save yourself from yourself is small position size. And so, to get that small position size, the way you want to do it is to break up your account. What I did is I have taken um I've I've done this rule. I've taken \$5,000 and I put \$5,000 on a different crypto exchange other than kind of where my main crypto uh bag is right now, my my cash position in crypto. So 1% risk in a different crypto

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exchange. So I'm not even tempted to touch my big bag. And now I have okay, I got five grand to play with. And I'm going to treat that as that's my account size. And why do I want to do that? Because I know myself and I know I can itchy. I can get a little itchy here and be like, "Oh, I just buy 20 grand more. I should just buy 20 grand more. What the hell?" You know, I see the volume. The the confirmation's there. You know what I mean? And so, you want to protect yourself from yourself. And the way you

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do that, especially in crypto, it's really easy because you can have two different crypto exchanges. You can have Coinbase, you can have Kraken. Unless you're Henry, who was banned from Kraken. We don't know why. Uh, but you can have two different crypto exchanges or two different accounts or take your cash USDC position and put it in a wallet and then you have your just your trading money on the exchange and then as the trade works for you, let's say it's five grand um instead of just 100

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like on this chart here. Okay. Well, now you now my five grand position is working. Now I'm getting sucked into more of the trade. Oh, look. The trend is changing. Okay, I'm going to slowly move money out of my wallet back onto my exchange and then, you know, get these trades going because the market structure has changed. And so, you can do it with any size account. Obviously, this example, I don't know where you're at in terms of crypto. Some people have million-dollar stock accounts, but they

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have a \$10,000 crypto account. So, I just figured let's do um, you know, let's do a \$10,000. That's 1% risk. That means with every trade, you're only risking a hundred bucks. And you can do that. I mean, this is a this is a great calculator for managing your position size in this environment where, okay, you know, I think we're, you know, we've taken a big flush. If you look at any chart on Bitcoin, it flushes, then it kind of chops around a bit, then sometimes it tests the upper end of the

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range, and then it flushes, right? That that's the typical bare market structure. And so we just had a couple of days of straight down. So the probability in my mind is okay, it's probably going to chop around and try and test the upper end of the range, maybe hit 79,000, maybe hit 82,000 before a potential whoosh rebound flush. So that's where you're like, okay, I think, you know, we've had a lot of liquid uh liquidations, we've had some of the leverage flushed out. H you know

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what maybe we'll try a little rebound trade here if I get rewarded etc etc and so that's how you can use this calculator to kind of stay in flow and trade some of those ups and downs even if it isn't like a nice clean base or you know one of the patterns that I talk about my swing trading course which I know uh many of you have taken which I'm and I'm super grateful for that because that that course is really um a foundation for my trading. It is what has helped me make all of my money in

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the market and it's not doing the course, not doing the things in the course that's always caused me to lose that money. So, just want to be aware of that, you know, follow the system. The system works and if you need a position size system, this one works. This will keep you in something that's choppy, but give you enough space where you're not uh getting crushed and giving back a lot of the gains that you may have made over the last couple years uh at Cryptomarket Mentor. Now, one thing to remember is

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that if we are in a crypto winter, and I believe we are because we're under all the key moving averages consistently, that the sloppy execution will kill you. Uh especially on thin assets. If you look at some of these crypto assets, you know, I've moved I Scott McGregor from Lethbridge, Alberta, Canada, has moved the price on some cryptos on Coinbase with my size because they're just that thinly traded. And so if you are trading in a thinly traded market, you got to tr I mean, there's two types

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of orders obviously. There's the limit order and market order. And let me tell you, if you just hit market order, Coinbase will screw you. They will screw you. They will just there you go and you paid the highest price. And then what'll happen is because you're the only buyer there, the price will then come all the way back down to wherever it was before, wherever the base of trading was. And so you will get screwed with sloppy execution if you're just slamming in market orders. I've seen it. I've done

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it. And there are times when market orders are great. If things are going up and trending up, you're not going to get filled on a on a market order. But in a bare market and a sloppy market like we're in right now, set limit orders. Okay. I think Bitcoin is going to hold at 73,376. I'm going to put a limit order there. Let's see if I get filled. Oh, dropped down under yesterday's low. Okay, I'm out. That's a limit order. But if you uh you uh just slam in with a market

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order, my friend, Coinbase, Kraken, doesn't matter. These crypto exchanges will screw you. So, that's all about that. [laughter] Again, it's it happens. It's happened to me all the time with some of these thinly traded assets. Uh Dash, you know, when I was trading Dash, man, I was moving Dash with like 30, 40 grand, just like moving the price. Whoosh, there it goes. and uh you know, no longer am I going to uh to just uh take take it uh take it from Coinbase. So, just be aware of that. And then also uh look at the no

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man's land rule. If you miss your entry by specific percentage, you just got to let it go, baby. It's a it's a sniper trade anyways. And you don't want to be chasing your target through the woods if you're doing sniper type trading. You wait for the next target. And then of course, finally, cash is a position. And uh I want to remind you that being in 100% cash is a full-on position. And uh and that's something that you can just be in, especially with Coinbase. Uh at least right now, you can gain interest

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just by holding uh USDC USDC stable coin. You can you can make money from that. So to wrap this up, you want wide stops, you want a small size, and you want to enter with half sizes. So if you want to get to 100, you're not buying 100 right off the bat. You're buying 50. If you want to get to 50, you're not buying 50 right off the bat. You're buying 25. That's how you do it, guys. That's how you survive in this market. And that's really what we're trying to do. We're just trying to survive until

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the trend goes up again. Now, I do believe that that's going to happen. I don't think it's over for Bitcoin. I don't think it's over for crypto. I think we're just in a weird market environment right now that is punishing cutting edge technology. And I and I do believe typically that the crypto market leads the stock market. And so, if we're seeing a fullout bare market in Bitcoin, again, that leads me to be super cautious on the general stock market because we saw that before. We saw the crypto market

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breakdown in 2022 and it wasn't until I think, let me go back on the chart here. It wasn't until or sorry, we saw the crypto market breakdown in 2021, but it wasn't until 2022 that the stock market followed. So, here we are. You know, you can say, well, Bitcoin broke down in October of 2025. That's where we broke under the 200 day moving average. Um, let's see. Like, you know, if we're looking four months ahead, that could be March, that could be, you know, who knows when we see the the stock market

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potentially pull back and follow Bitcoin lower because that's that's what happened last time. You know, we saw it break out break down in 2020 uh one, October, November, January, February. You know, we're in a bare market uh on on uh stocks. So, just want to be aware of that. not predicting, but I'm looking at what's happened in the past and saying, "This makes me think Bitcoin could go lower. This makes me think stocks could creep lower." So, survive this period of time. We want to be able

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to compound our gains when the trend turns having as big of an account as possible. And you can experience account leakage by being early, trying to pick bottoms or assuming that it should hold at a certain level because it did yesterday. We don't know that, you know, we don't know that Bitcoin's down near the lows today. We could easily break under yesterday's low or test yesterday's low and rip up to 82. We saw that volatility yesterday, right? We saw Bitcoin at one point down 5,000 and then we saw a face

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ripper short rally uh in just a an hour or two. I was out for lunch. I was having lunch and uh and as I went for lunch, Bitcoin turned on the low yesterday and uh went up went up \$4,000 in I don't know what was it 2 hours. So be aware of that. That volatility can happen, but it's the daily chart signals that are going to signal to us, okay, it might be trying to change the trend now.