

Benefits of Forex Demo Trading

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Disclaimer: There is a very high degree of risk involved in trading. In any market where a potential for profit exists, there exists also a risk of loss. Forex trading is a risky business. You should only trade with money that you can afford to lose. In case of loss, the amount should not affect your lifestyle and your family's in anyway. None of the information on our website nor any information or education provided to the reader by any means assures that the reader will make money in the Forex market. Neither the author nor the publisher will be responsible for the use or misuse of the information contained herein. The information contained in this ebook is for information purposes only. It is not intended as professional advice or a recommendation to act. Before engaging in any activity mentioned in this ebook, seek the advice and consultation of a competent professional. All trademarks mentioned herein are the property of their respective trademark owners.

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One of the main advantages of Forex market is the availability of demo softwares. Almost every Forex broker provides a fully functional demo version of their platform. If you are a Futures, Stock or Options traders, you would find it harder to find a fully functional free demo trading software. Even though Forex demo softwares are widely available, new traders usually don't fully utilize them. Here are some of the reasons why demo trading is helpful:

Test your strategy risk free

Before I put even a single dollar on the line I like to test my strategy on demo account. Demo trading helps me speed up my learning time many folds and it also acts as initial qualification of a strategy's potential of success. I can then safely test the strategy over several pairs and identify the most profitable pairs.

Help you get accustomed to trading platform

Demo trading is the best way to make yourself familiar with the brokers platform. Whenever I use a new broker for live trading, I download their demo and press every single button and check all options. You can't break anything in demo anyways.

Automated software speed up back-testing process

Demo softwares can also be used to download history data which then can be used with Expert Advisors to backtest your strategy. However if you use strategies based on Price Action, like I do, it is harder to code them into a Expert Advisor. Indicator based strategies can be coded quite well with Expert Advisors and hence backtesting becomes quite painless.

Psychological Aspect

If you are new at trading then I'll highly recommend that before going live, wait until you have doubled your account in demo trading. If you can't mentally handle losses in demo account, you have no right doing live trading. If your demo account trading reflects more like your poker table habits then you need to spend more time learning the psychological aspect of trading.

Using different brokers for Charting and Live trading

Forex Demo accounts mostly provide real time data and they can be safely used for your live trading, unless until you trade on 1 min charts where prices can vary from broker to broker. I personally like MT4 charting platform, however don't like placing trades on it. I use other ECN brokers to place live trades and use MT4 for charting

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Risk Warning

The risk disclaimer is meant to inform the user of the potential financial risks of engaging in foreign exchange trading. The transaction of such financial instruments known as forex, fx, or currency, and dealt on a valued basis known as 'spot' or 'forward', 'day trading' and 'option', can contain a substantial degree of risk.

Before deciding to undertake such transactions with any other firm offering similar services, a user should carefully evaluate whether his/her financial situation is appropriate for such transactions. Trading foreign exchange may result in a substantial or complete loss of funds and therefore should only be undertaken with risk capital.

The definition of risk capital is funds that are not necessary to the survival or well being of the user. We strongly recommends that a user, who is considering trading foreign exchange should obtain a clear and accurate understanding of the risks inherent to fx trading. Opinions and analysis on potential expected market movements contained within the FirePips.com website are not to be considered necessarily precise or timely, and due to the public nature of the Internet, FirePips.com cannot at any time guarantee the accuracy of such information.

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