

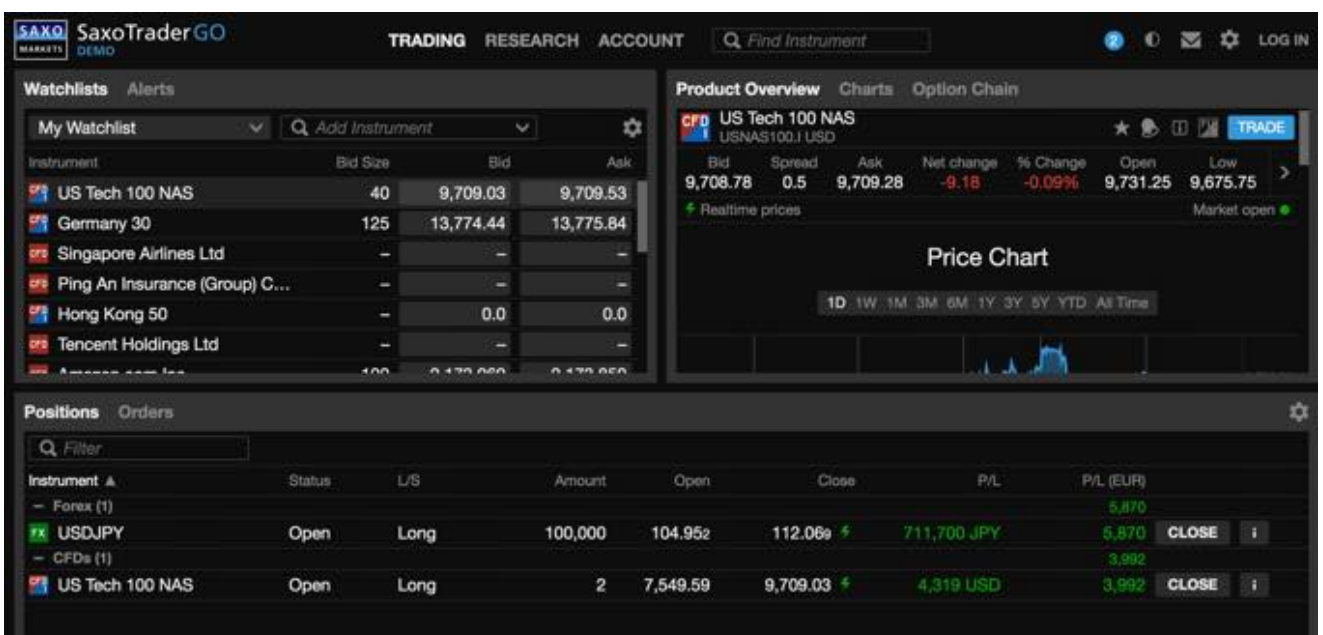
Trading With Demo Accounts

There are different types of trading accounts provided by Forex brokers to their clients. One of the most important types is a demo account. A demo account is an account that a trader uses to trade in the market in real time without the risk of loss.

It is an account funded with virtual money that expert traders use to simulate actual trades while newbie traders use it to learn how to trade. It is an important feature of the forex trading world. Often, it is free to open and is offered by numerous forex brokers.

Contract for difference (CFD) trading, is a strategy employed by forex traders to profit from an asset that they do not own. It is a contract entered into between the Forex broker and trader based on the current value and expected future value of the asset. The trader invests a portion of the current value, once the asset hits its predicted future value, the broker pays the trader the value of the difference.

An overview of CFD Demo accounts



A CFD demo account is trading account that brokerage firms offer through their CFD agents for their clients. Benefits of a demo account for CFD trading are many but are restricted to beginners who want to practice before investing. A free CFD demo account resembles a free Forex demo account entirely.

There is no scripted definition as to what the perfect [CFD demo account](#) is, but in order to acquire a very good one there are principles in place. They include:

It should be free

A CFD demo account has to be free otherwise it does not make sense at all. It ruins the purpose of it being a demo account if when you open the account brokers will require you to make an initial deposit.

Unlimited in functionality

A CFD demo account should be unlimited in its functionality. Most of the leading brokers avail virtual funds of between USD 10000 and USD 50000.

This is not a bad figure in itself but considering the recommended time to work with a demo account is three months to a year, I believe brokers can do better and fill the virtual bankroll up when it is needed considering that it is a trial run. This is crucial so that clients fail and learn at this stage but are proficient when dealing with real money.

No restrictions

One of the most important arguments as to why CFD demo account are offered by brokers is to give clients an opportunity to trial run their investment platforms and build their knowledge on all matters stock [contract for difference](#) (CFD) trading.

This is key for brokerage firms that have formed their own trading platforms. It is for this reason that I think that CFD

demo accounts should have no restrictions, as far as is possible. Also, users should get complete accessibility of the platform itself and its tools as well.

Advantages of CFD demo account

Preserve trading capital

CFD demo account allows you to safeguard trading capital as you [understand all the crucial aspects of trading](#). If an individual loses a huge sum of money in the money market it takes a while to recover and this takes a toll even on the best minds in the business and demo accounts prevent this.

Another crucial benefit of a CFD demo account is that you are holding onto your money for a longer time which is a requirement for achieving long-term profitability.

Creating a trading strategy

CFD demo account allows for creation of a viable trading strategy whose weakness and strong points can be put to trial. Demo accounts provide a place for an [investor](#) to familiarize themselves with market dynamics a quality that cannot be achieved by reading books.

The major drawback of a CFD demo account is trading with virtual finances which negates the emotion of losing or gaining money in the market.

Conclusion

To sum it all up, it is key to note that most but not all brokers avail their clients with a demo account. As such, before getting into business with a broker ask if they provide a demo trading account.