Market Talks
EDUCATION CENTER

FOREX · BEGINNER · LESSON 15 OF 15

Getting Started: Demo Account, Platform and Trading Plan

How to practice on a demo account, find your way around a trading platform, write a simple trading plan, keep a journal and decide when you are ready to trade real money

13 min read 8 quiz questions with answer key

FOREX · BEGINNER · LESSON 15 OF 15

Getting Started: Demo Account, Platform and Trading Plan

IN ONE SENTENCE

You now know how the forex market works, what moves prices and how to control risk. This last Beginner lesson turns that knowledge into a routine. You will practice on a demo account, learn the main parts of a trading platform, write a one-page trading plan, record every trade in a journal and measure results in R. Then you will see a checklist for moving to a small live account, and what to do every week after that.

From learning to live trading

Most beginners make the same mistake: they open a live account the day they discover forex, trade too big, and lose money before they have learned anything. A better path has four stages:

1. **Learn.** Understand the basics, which is what Lessons 1 to 14 have covered.
2. **Practice on a demo account** with a written plan, until you can follow your rules every time.
3. **Go live with a small account**, small positions and low risk per trade.
4. **Review and improve** every week, and only increase risk slowly, when the results support it.

None of these stages has a fixed end date. Some traders spend six months on a demo account. The goal is not to get to live trading quickly, but to get there with habits that protect your money.

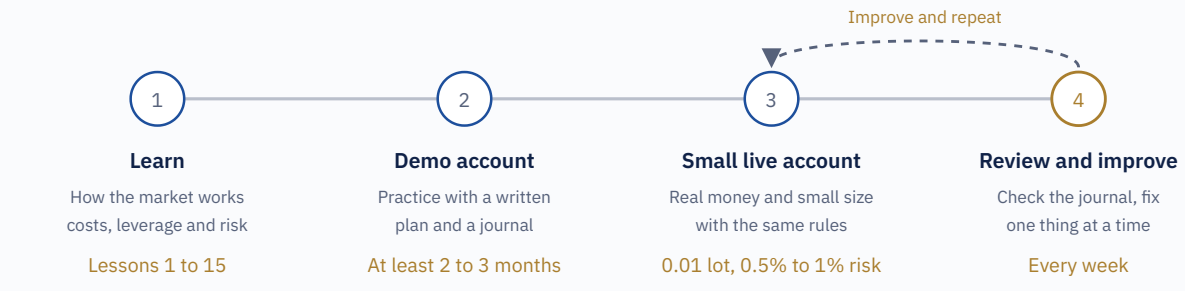


Figure 1. The path from learning to live trading. Stages 3 and 4 repeat for as long as you trade.

Start with a demo account

A **demo account** is a practice account that uses virtual money but real market prices. Almost every regulated broker offers one for free. It lets you learn the platform, test your plan and make beginner mistakes without losing real money.

To get the most out of a demo account:

- **Use a realistic balance.** Many demos start with $100,000. If you plan to deposit $1,000, set the demo to $1,000 so the position sizes and risk feel real.
- **Trade exactly as you would with real money.** Use the same pairs, the same risk per trade and the same stop losses.
- **Keep a journal from the first trade.** A demo without records teaches you very little.
- **Practice the mechanics.** Place market, limit and stop orders, set and move stops, close part of a position, and check margin and swaps (Lessons 10 and 11).

A demo also has limits. Your emotions are much weaker when the money is not real, and some demo accounts fill orders more smoothly than a live account does, especially around news. Treat good demo results as a first step, not as proof.

A quick tour of the platform

Trading platforms look different, but almost all of them have the same four main areas:

1. **Market Watch** (or a watchlist) shows the pairs you follow, with their live bid and ask prices.
2. **The chart** shows how the price has moved. Most platforms let you see your entry, stop loss and take profit as lines on the chart.
3. **The order ticket** is where you choose the size in lots, add a stop loss and a take profit, and press Buy or Sell. Many platforms also have one-click trading. Leave it switched off while you are learning, so you cannot open a trade by accident.
4. **The account and positions area** shows your open trades and your balance, equity, margin and free margin (Lesson 10).

Before your first trade, also find the **contract specification** of each instrument you trade. It shows the contract size, the value per pip or per point, the swap rates and the trading hours. Gold, for example, uses a different contract size from currency pairs (Lesson 13).

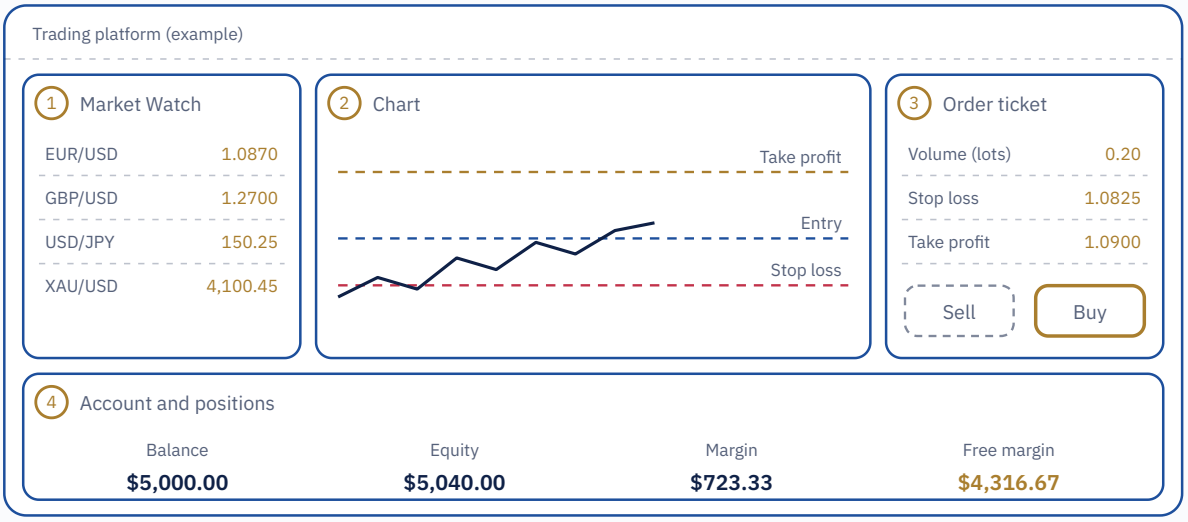


Figure 2. The four main areas of a trading platform. Layouts differ, but the parts are the same. Prices are examples.

Write a one-page trading plan

A **trading plan** is a short set of written rules that you follow on every trade. It turns trading from a series of guesses into a process you can measure and improve. It does not need to be complicated. One page is enough to start, and it should answer these questions:

- **What will I trade?** Start with one or two liquid major pairs.
- **When will I trade?** Pick a session that suits your day and the pairs you trade (Lesson 6).
- **What is my setup?** The exact conditions that must be true before you enter. Write them so that someone else could follow them.
- **How much will I risk?** A fixed percentage per trade, such as 1% (Lesson 12).
- **Where do my stop and target go?** Decided before entry, with a reward clearly larger than the risk.
- **What about news?** For example, no new trades shortly before high-impact releases (Lesson 9).
- **When do I stop?** A daily or weekly loss limit that ends trading for that period.
- **When do I review?** A fixed time each week to look at the journal.

The setup itself is where most traders spend years improving. The Intermediate level goes deeper into charts, key levels and building a full trading plan. For now, the most important thing is that the rules are written down and that you follow them.

My trading plan

Markets	EUR/USD and GBP/USD only
When	London and New York overlap
Setup	Written entry rules, the same every time
Risk per trade	1% of the account
Stop and target	Set before entry; target at least 2 × the risk
News	No new trades 30 minutes before high impact
Loss limit	Stop for the day after 2 losses or −2%
Review	Every weekend, with the journal

Figure 3. An example one-page trading plan. Your own rules will be different, but they should be this clear.

Keep a trading journal

A **trading journal** is a record of every trade you take. It can be a notebook, a spreadsheet or a journal app. For each trade, write down the pair and direction, entry, stop loss, target, size, result and, most importantly, why you took the trade and whether you followed your plan. Here is part of Anna's journal from her demo account. Her account is $5,000 and she risks 1%, which is $50 per trade.

Trade	Entry	Stop	Target	Size	Result	R	Notes
EUR/USD buy	1.0850	1.0825	1.0900	0.20 lot	+$100	+2R	Setup from my plan. Held to target.
GBP/USD sell	1.2700	1.2730	1.2640	0.17 lot	−$51	−1R	Entered late, after the move had started. Not in my plan.
XAU/USD buy	4,100.50	4,090.50	4,120.50	0.05 lot	+$100	+2R	Sized with the gold formula from Lesson 13.
EUR/USD sell	1.0880	1.0900	1.0840	0.25 lot	+$25	+0.5R	Closed early out of fear. The plan said hold.

The **R** column measures each result in units of the risk. If Anna risks $50 and makes $100, that is +2R. If her stop is hit, that is −1R. Measuring in R lets you compare trades of different sizes and see clearly whether your average win is larger than your average loss (Lesson 5).

The notes are where you learn the most. In Anna's journal, both mistakes came from breaking her plan, not from the plan itself. That is useful to know.

Judge your results over many trades

One trade tells you almost nothing. A good plan can lose several trades in a row, and a bad plan can win a few by luck (Lesson 12). Judge your trading over at least 20 to 30 trades, and look at four numbers:

- **Total result in R**: is it positive?
- **Win rate**: what share of trades were winners?
- **Average win and average loss in R**: are wins clearly larger than losses?
- **Rule breaks**: how many trades did not follow the plan, and how did they do?

In the example below, only half of the trades won, but the total is +4R, because the average win was 1.8 times the size of the average loss. At $50 risk per trade, +4R is a $200 profit.

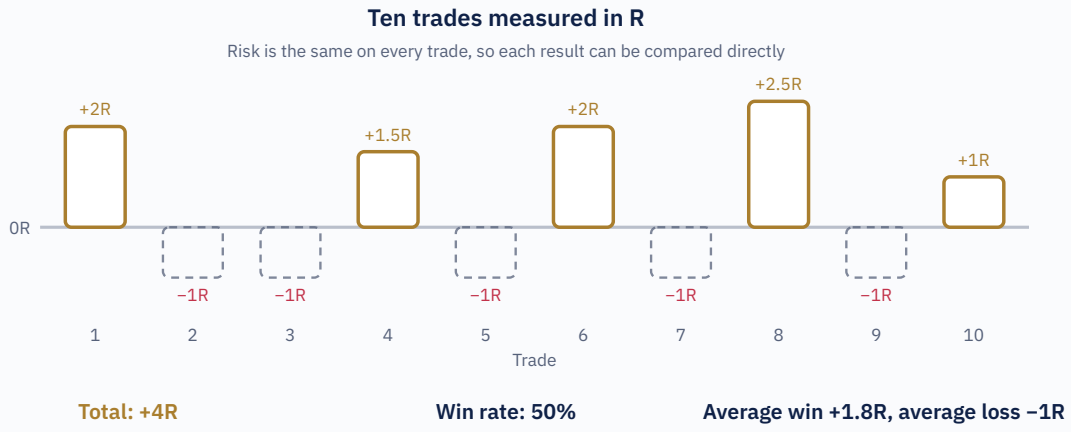


Figure 4. Ten trades with the same risk. Half of them lost, but the total is +4R because wins were larger than losses.

When to move to a live account

There is no exact rule, but these are good signs that you are ready for a small live account:

- You have practiced on a demo account for at least two to three months.
- You have taken 50 or more trades, and every one is in your journal.
- You followed your written plan on almost every trade.
- You used a stop loss on every trade and never moved it further away.
- Your results are close to break even or better, after costs.
- The money you will deposit is money you can afford to lose.

When you go live, **start small**. Use micro lots (0.01) and risk 0.5% to 1% of the account per trade. Real money feels very different: you may want to close winners too early or hold losers too long. A small account lets you learn to handle those feelings while mistakes are still cheap. Increase your size only slowly, after another few months of consistent results.

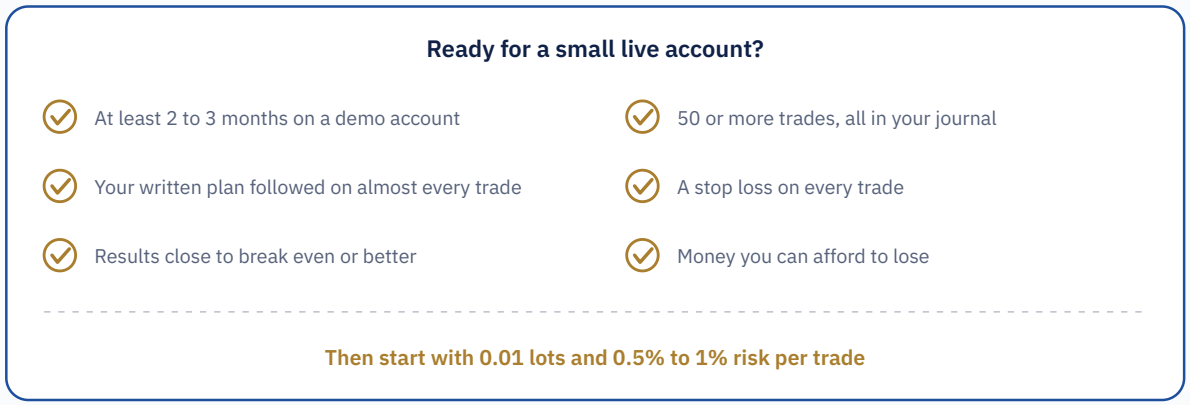


Figure 5. A checklist before moving from a demo account to a small live account.

IMPORTANT: WITHDRAW EARLY, AND NEVER TRADE MONEY YOU NEED

After your first live deposit, make a small withdrawal to check how the process works and how long it takes (Lesson 14). Never trade with money you need for rent, bills or savings, and never borrow money to trade. If you find yourself trading to win back losses, stop for the day.

A simple weekly routine, and what comes next

Successful traders build routines. A simple one for a beginner:

- **Before the week:** check the economic calendar for high-impact events and central bank meetings (Lessons 8 and 9).
- **Before each session:** read your plan, check open positions and know where your stops are.
- **After each trade:** fill in the journal straight away, while you still remember why you took it.
- **At the weekend:** review the journal, count rule breaks and choose one thing to improve next week.

This is the end of the Beginner level. You now understand how forex works, how to read prices, what moves currencies, how leverage and orders work, how to manage risk, how gold trades and how to choose a broker safely. The **Intermediate level**, for MARKET TALKS members, builds on this with chart reading, market structure, support and resistance, correlations, the carry trade, building a full trading plan and trading psychology.

Why this matters for traders

- **Practice before you pay.** A demo account with a realistic balance is the cheapest place to make beginner mistakes.
- **Write your rules down.** A plan you can read is a plan you can follow, measure and improve.
- **Record every trade.** Without a journal you cannot tell skill from luck.
- **Think in R.** It shows whether your wins are large enough to pay for your losses, whatever your account size.
- **Go live small and grow slowly.** The first goal of live trading is to protect your account while you learn.

Key terms

Demo account	A free practice account that uses virtual money and real market prices.
Trading platform	The software you use to see prices and charts, place orders and manage your account, such as MT4, MT5, cTrader or TradingView.
Market Watch	The part of a platform that lists instruments with their live bid and ask prices.
Order ticket	The window where you choose size, stop loss and take profit, and send a buy or sell order.
Contract specification	The broker's details for an instrument: contract size, value per pip or point, swaps and trading hours.
Trading plan	Written rules for what, when and how you trade, how much you risk and when you stop.
Trading journal	A record of every trade with its details, result and the reason it was taken.
R multiple	A trade's result divided by the amount risked. Winning twice the risk is +2R; a full stop loss is −1R.
Rule break	A trade, or a decision during a trade, that did not follow the written plan.
Micro lot	0.01 lot, or 1,000 units of the base currency. A common size for a first live account.

Key takeaways

1. Follow four stages: learn, practice on a demo account, go live small, then review and improve every week.
2. Use a demo account with a realistic balance and trade it exactly as you would trade real money.
3. Learn the four main parts of the platform and read the contract specification before trading an instrument.
4. Write a one-page trading plan, record every trade in a journal and judge results in R over many trades.
5. Move to live trading only when you follow your plan consistently, then start with micro lots and 0.5% to 1% risk.

Test yourself

Circle one answer for each question. The answer key with explanations is on the next page. You can also take this quiz online at markettalks.info and see your score instantly.

1. What is a demo account?

- A An account with a deposit bonus
- B A practice account with virtual money and real prices
- C An account for professional traders only
- D A live account with no fees

2. You plan to deposit $1,000. What balance should you use on your demo account?

- A $100,000, the usual default
- B $1,000
- C $1,000,000
- D It does not matter

3. Where on a platform do you see your equity, margin and free margin?

A Market Watch
B The chart
C The account and positions area
D The economic calendar

4. Anna risks $50 and closes the trade with a $100 profit. What is the result in R?

A +0.5R
B +1R
C +2R
D +100R

5. Over 10 trades, a trader wins 5 with an average of +1.8R and loses 5 with −1R each. What is the total?

A 0R
B +4R
C −4R
D +9R

6. What is the most important part of each journal entry for learning?

A The time of day
B Why you took the trade and whether you followed your plan
C The platform you used
D The color of the candles

7. Which of these is a good sign that you are ready for a small live account?

A Three winning demo trades in a row
B You followed your plan on 50 or more demo trades
C A friend made money trading
D Your demo balance is $100,000

8. What size and risk are sensible for a first live account?

A Standard lots and 10% risk

B Micro lots (0.01) and 0.5% to 1% risk

C The maximum leverage the broker allows

D The same size as your biggest demo trade

Answer key

1 B

A practice account with virtual money and real prices

A demo account uses virtual money with real market prices, so you can practice without risking real money.

2 B

$1,000

A realistic balance makes position sizes and risk feel like they will on the live account.

3 C

The account and positions area

The account and positions area shows open trades, balance, equity, margin and free margin.

4 C

+2R

The profit is twice the amount risked: $100 ÷ $50 = +2R.

5 B

+4R

Wins add up to 5 × 1.8 = 9R and losses to 5 × 1 = 5R, so the total is +4R, even with a 50% win rate.

6 B

Why you took the trade and whether you followed your plan

The reasons and rule breaks show what to improve. Numbers alone do not tell you why a trade won or lost.

7 B

You followed your plan on 50 or more demo trades

Consistently following a written plan over many trades matters more than a few wins.

8 B

Micro lots (0.01) and 0.5% to 1% risk

Small positions and low risk keep mistakes cheap while you learn to handle real money.

SOURCES

- CFTC, Customer advisory: Eight things you should know before trading forex: https://cftc.gov/node/241606
- ESMA, ESMA agrees to prohibit binary options and restrict CFDs to protect retail investors: https://www.esma.europa.eu/node/84933
- MetaQuotes, MetaTrader 5 Help: User interface: https://www.metatrader5.com/en/terminal/help/startworking/interface
- MetaQuotes, MetaTrader 5 Help: Market Watch: https://www.metatrader5.com/en/terminal/help/trading/market_watch

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