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Is Terra Luna worth buying now? Will it be back?

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<https://www.btcc.com/en-US/academy/research-analysis/is-terra-luna-worth-buying-nowwill-it-be-back>

Recently, the price of Luna has obviously collapsed, but is Luna still a buy and sell currency? There has been a serious collapse in the cryptocurrency market. Tera was priced at \$118 last month and is positioned as the eighth largest crypto token. However, it had its worst day at the beginning of this month, and its price plunged to \$0.09. The main reason for the decline was the loss of the dollar peg, which eventually led to the collapse of Luna prices. But even after the crash, can taraluna still buy it now? Let's have a look.

Key Points

- Luna's price has plummeted to only a few cents.
- Experts believe that Tara has high potential and will slowly recover from the trough, making Luna a good buying point after the slump.



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Is Terra Luna a Buying Opportunity for Investors?

JUST a few weeks ago, Terra was one of the top ten best cryptocurrencies. The cryptocurrency fell by more than 95% in 48 hours. However, some market experts believe that even after the crash, Terra Luna may now be a buying point because the trading volume of Luna tokens is still impressive. Analysts say Luna will definitely take some time to recover from this erosion, which makes Terra a good place to buy now.

Terra is a stable currency supported by algorithms, providing more and more decentralized financial applications. Terra network has a token or Terra stable coin linked to legal currency and a set of stable encrypted assets. Terra is linked to the value of legal currency. Luna absorbs the price

fluctuation of this stable currency. But the value of Luna has been eroded and has recently become only a penny token.

UST lost its dollar peg, leading to a sharp drop in Luna prices, because UST and Luna are interrelated. For every UST traded, one Luna is burned, and vice versa. Luna's market value has plummeted to less than \$300 million.

How Does Terra Blockchain Work?

Terra stable currency has a unique mechanism to maintain price stability, which is called built-in arbitrage mechanism. Terra's algorithm managed blockchain protocol provides a set of stable coins. The price was maintained through the use of Terra miners as they burned or struck Terra stable coins and Luna.

By balancing supply and demand, the agreement stabilizes the price of Terra currency. In order to achieve price stability, Luna pool and Terra pool perform fast exchange. Terra protocol works as a distributed ledger and is maintained by verifiers on the network. The network has a unique consensus mechanism called delegated proof of stack (dpos). The verifier will vote on the block and receive Luna token as reward. By participating in the POS consensus mechanism, Tara miners have played an important role in safety.

In addition, this helps to stabilize prices by absorbing short-term fluctuations in demand. The network achieves stability by exploiting incentives in the event of contraction and expansion of the money supply.

Before this collapse, Terra was the second largest decentralized financial ecosystem. A series of defi applications booming on the blockchain created an increased demand for terraUSD. Due to the built-in arbitrage mechanism, anchor and other defi products on the platform increased the demand for terraUSD, resulting in Luna being burned down, which eventually made Luna a buying point after the crash.



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Will Terra Luna be Back?

So far, may 2022 is not a good month for the cryptocurrency market, because it has been facing an unprecedented collapse in the past week. At the time of writing, bitcoin was priced at \$29902. However, one of the cryptocurrencies most negatively affected appears to be Terra Luna (LUNA), which collapsed by more than 99% on May 13, according to coinmarketcap. The reason behind this is the "decoupling" of terraUSD (UST) stable currency.

Looking at the current situation of Luna, the price is \$0.0001822. It's hard to believe that the value of Luna exceeded \$100 a few weeks ago. Luna investors have erased more than 95% of their wealth in jUST a few days. Luna's price is now more than 90% lower than its all-time high of \$118, as seen in April.

Luna Crashed. Why Did Terra Luna Collapse?

What happened to Terra (LUNA) is that some traders eager to buy Terra Luna cryptocurrency do not know that it is the inflation of circulation supply. Severe inflation prompted the terraform lab team to stop the terra blockchain, but losses have been caused. Hyperinflation led to the vicious expansion of Luna supply in circulation from about 350 million to 6.5 trillion, an increase of more than 18000 times.

According to the law of supply and demand, if something is 18570 times more, its unit value will be reduced. It is no longer so rare or scarce. It is worth noting that cryptocurrency has been called digital gold by many experts, including wink avos twins, the billionaire founder of Gemini exchange.

In addition, investors panicked and sold their Luna holdings. As a result of liquidation, Luna fell more than 99% from the historical high of \$119 to below \$1, then fell 99% to 1 cent, and then fell 99% to the current low of 2022 twice. Bitcoin fell below \$27000 and the S & P 500 index fell below 4000 on the same day, the first time in more than a year, which did not help.



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Should you Invest in Terra Now?

Given Terra's strong fundamentals and price history, investors are curious to know whether Luna is still a cryptocurrency they buy now, even after the crash. Some market experts are still optimistic about the future of Luna and expect the token to recover in the future. Although many people believe that ust will take some time to hook up, it may recover faster. On the other hand, Luna may take longer to recover its strength. But in the future, Terra will once again position herself as a good buying point in the market.

Conclusion

Terra offers significantly lower transaction costs, and continues to build a more rigid infrastructure,

allowing users to seamlessly enjoy defi tools and assets. Therefore, most industry experts advise investors not to panic and sell Luna before it stabilizes after the massacre.