



LUNA: Terra Cryptocurrency Has Surged Close to 12,000% in 2021

Description

One of the top-performing cryptocurrencies in 2021 is **Terra** which is currently valued at a market cap of US\$28.7 billion. Terra is the ninth largest [cryptocurrency](#) in the world and its native token called LUNA has surged 11,700% year to date. So, a \$1,000 investment in LUNA at the start of 2021 would be worth close to \$120,000 today.

However historical gains don't matter to current or future investors. Let's see if LUNA is worth investing at current levels.

An overview of the Terra blockchain network

Terra is a public blockchain protocol that deploys a wide range of decentralized stablecoins. The protocol is a stablecoin network that is controlled by its stakeholders. Basically, the Terra blockchain mechanism uses stablecoins pegged with fiat currencies to execute global payments. Terra's whitepaper states it combines the price stability associated with most fiat currencies with the decentralized nature of Bitcoin to ensure fast settlements.

At the end of Q3 of 2021, Terra offered stablecoins pegged to the South Korean won, the Mongolian tugrik as well as International Monetary Fund's Special Drawing Rights basket of currencies in addition to the U.S. dollar.

TerraUSD and LUNA

Terra Luna is the largest dual-token platform in the world. It's a network of two integrated tokens that have separate utilities. These two tokens include LUNA and the TerraUSD stablecoin that run on the **Ethereum** blockchain. TerraUSD's native token is UST which is pegged to the USD in a ratio of 1:1. So, users can complete transactions without having to worry about fluctuations in token prices. The TerraUSD is the stablecoin used by Chai which is a South-Korea-based payment platform with a large user base.

Terraform Labs is the developer of the TerraUSD which has successfully developed alliances with 15 e-commerce platforms whose gross merchandise volume is more than US\$25 billion. Here, the merchants who accept the LUNA token will receive payments within a second while paying a processing fee of just 0.6%. This is significantly lower compared to the 2% to 3% fees charged by credit card companies where processing times take around a week to complete.

Further, LUNA coins also serve as collateral for the TerraUSD. So, when demand for the digital tokens outpace supply, you can buy-swap LUNA for TerraUSD at a higher price and derive generous profits. Alternatively, in times of tepid demand, you can sell-swap TerraUSD for LUNA at a lower price.

What next for investors?

Terraform Labs has created a blockchain network based on the PoS (proof-of-stake) mechanism. So, LUNA token holders can stake their coins to validate transactions on the network thereby incentivizing investors in the process. Approximately US\$11.5 billion of US\$14.07 billion LUNA tokens are part of staking pools.

Terra is also gaining traction in the DeFi (decentralized finance) space and its [recent network upgrade](#) was completed at the end of September. The upgrade will fast track the burning of LUNA tokens which will remove a portion of these coins from circulation and adjust for new TerraUSD coins.

In a nutshell, the expansion of the Terra ecosystem should positively impact the demand for LUNA pushing its price higher over time.

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