



## Terra Luna Cryptocurrency: What Investors Should Watch in 2022

### Description

The cryptocurrency market continues to go through a correction that has many Motley Fool investors worried. The market continues to be flooded with digital currencies, and it can have many wondering where to look. However, among the batch, **Terra** ([CRYPTO:LUNA](#)) may be your best option.

### What is Terra Luna?

Terra Luna is currently the fourth-most popular stablecoin, with the company gaining incredible [growth](#) since coming on the market in 2018. As of writing, Terra can claim as many as 15 e-commerce partnerships, bringing in a total of 45 million active users and US\$25 billion since its inception.

But Luna isn't done its expansion. The company continues to launch new stablecoins, and, as of December 2021, is the second-largest DeFi platform only after **Ethereum** at US\$20 billion in assets. Further, it's the ninth-largest cryptocurrency by market value.

Now, it's true, the DeFi market is smaller than other digital currency sectors. However, it's growing much faster than these industries as well. That also means Terra and its stablecoins also have a long growth path to look forward to as well.

### A defensive DeFi?

It seems counterintuitive to think of Luna as a defensive stock during this recent pullback. But that somehow seems to be exactly what's happened for Terra lately. In the last year alone, Luna climbed 9,700% to where it is now at around \$98 per share. While it comes down from all-time highs of \$132, it still remains strong, even in this volatile market.

Does that mean there is less risk with Luna? Absolutely not. And, in fact, just as quickly as it climbed, it could fall once more. Look at the cannabis sector. It seemed like this industry would never collapse, and yet here we are.

Furthermore, there is some drama tied to Terra that Motley Fool investors should be wary of. The United States Securities and Exchange Commission (SEC) is investigating whether it's been selling unregistered securities. This has been the case with many cryptocurrency companies, as the industry rises in popularity.

## One major benefit

The biggest benefit to Terra Luna is its place as a stablecoin. Critics of cryptocurrency being taken seriously often claim that it can be incredibly difficult to use the currency should it fluctuate by leaps and bounds in a given day. The people at Terra will instead mint and burn Luna in order to keep its price flat, tying it mainly to the U.S. dollar.

While the process itself can be complicated, it does make it far easier to adapt. Analysts believe there will be more demand for these DeFi projects in the future, and it's why the area is growing so rapidly. It's that utility aspect that users *and* investors can wrap their head around and could mean the larger-scale adaptation of Luna in 2022 and beyond.

## Foolish takeaway

So, what can Motley Fool investors expect in 2022 for Terra Luna? Analysts believe the company will continue to show strength in this next year. It's the only cryptocurrency showing a strong trend right now, and that includes [heavy hitters](#) like Ethereum.

Those watching the cryptocurrency market closely believe that Terra will continue to climb not just to \$100 but beyond. And should momentum rebound in the cryptocurrency market, which is quite likely, Luna should have no trouble reaching this point very soon.

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