



10th-Most Popular Crypto Poised to Jump to Top 5

Description

If the cryptocurrency market were a food chain, **Bitcoin** and **Ethereum** ([CRYPTO: ETH](#)) would be at the top. The next eight, however, would be tossed up since [rankings](#) could change every day. **Solana** and **Cardano** are acknowledged Ethereum-killers, but they have to overtake **Binance** and **Ripple** to get to the second spot.

A looming dark horse is **Terra** ([CRYPTO:LUNA](#)) whose market cap is nearly US\$34 billion. Popularity-wise, Terra is on the tenth spot. However, it could be the real threat to Ethereum, rather than Solana or Cardano. On March 2, 2022, Coindesk reported that LUNA is now the second-largest staked asset among all major cryptocurrencies.

Data from Staking Rewards shows over US\$30 billion worth of LUNA is now staked directly on various platforms versus US\$28 billion for Ether. Because of strong fundamentals and overall positive sentiment within its community, the price has gained 77% since February 1, 2022.

Head-to-head

Like other cryptos, volatility is inherent in Terra. According to some crypto analysts, the metaverse could be the catalyst for Terra's [future growth](#). However, Ethereum maintains an edge because of its vast ecosystem of application and developers. The Terra ecosystem, with a baker's dozen decentralized finance (DeFi) protocols, offers incentives to draw investors.

Another factor that could propel LUNA's price is the burning of tokens to ensure scarcity of the asset. Meanwhile, Ethereum is no patsy competitor. It's the leader in programmable blockchain and hosts nearly all DeFi apps and the majority of the NFT market plus metaverse projects. ETH is deflationary like LUNA because it burns coins to keep upward pressure on the price of its coins.

Investment thesis

While Ethereum is a software platform that runs on a blockchain, it serves two purposes. Bill Noble, the

chief technical analyst at Token Metrics says the crypto acts as money, and therefore, it can be store of value. Noble describes Ethereum as highway for DeFi.

Developers are the typical users of the software platform, creating new applications. Ollie Leech, Coindesk's learn editor, said, "It's all powered by this idea of smart contracts." A smart contract pertains to a program that runs autonomously on the Ethereum blockchain. Leech adds that smart contracts perform all the functions that normally some third-party would have to take care of.

Terraform Labs, along its co-founders Do Kwon and Daniel Shin, are behind the the Terra blockchain. Its DeFi ecosystem creates algorithmic stablecoins or cryptos pegged to reserve assets like the U.S. dollar. Like Ethereum, Terra builds various applications, including for lending and borrowing.

Extreme volatility

Don't expect Terra to upstage Ethereum anytime soon. LUNA must show continued user growth and wider adoption minus the incentives. Ethereum's market cap of US\$337.62 billion is 10 times the size of the potential rival. Furthermore, Terra could be in the [same boat as Ripple](#).

On November 12, 2021, the U.S. SEC filed a subpoena enforcement action against Terraform Labs and CEO Do Kwon. The filing says the SEC is conducting an investigation to determine whether the firm, Kwon, or others violated federal securities laws. Last, your money is not safe with Ethereum (US\$2,950.12) and Terra (US\$92.11). The chances of losing are higher because of extreme volatility.

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