



## Can Avalanche Make a Big Comeback in May?

### Description

The [cryptocurrency](#) market is in full on free fall today. The collapse of **Terra** ([CRYPTO:LUNA](#)) and the loss of **TerraUSD's** (CRYPTO:UST) peg has rattled crypto markets. It's a sea of red, with nearly all tokens trading lower today. **Avalanche** ([CRYPTO:AVAX](#)) is no exception, down nearly 25% in this morning's session.

Interestingly, Avalanche has been among the best-performing tokens in the market this year — that is, until this bout of volatility. Investors appear to like the upside of Avalanche's subnets, which are the unique differentiator that has made this project appeal to me.

Let's dive into whether Avalanche has what it takes to claw back these losses, or if it's in for a rough ride with the rest of the market.

## \$290 million committed in AVAX to attract NFT “Subnets,” gaming, and DeFi

Recently, the Avalanche Foundation announced a big move to attract top-notch projects to its platform. Like other crypto projects, developer interest in given networks means a great deal to the valuations these tokens have. That's because network effects and ecosystem growth are key drivers of valuation to the extent that there are fundamentals in this space.

Avalanche's “multiverse” initiative provides four million AVAX tokens, which were worth around \$290 million at the time of the announcement, to spur a range of blockchain-based games and DeFi applications. Today, four million AVAX translates to roughly \$140 million. Accordingly, it's still a substantial amount of money.

To date, early takers on this initiative have brought forward some interesting projects. DeFi Kingdoms is one of the games that have been launched as a result of the multiverse initiative. And CRYSTAL, a new Avalanche-native token complementing the existing JEWEL token, has been launched.

Should Avalanche's ecosystem continue to grow, there's a lot to like about where this project is headed

## But what about those headwinds?

This crypto market is starting to look broken. When stablecoins start to fail, investor confidence is shaken in just about everything. Accordingly, the massive declines we've seen in Avalanche in short order should not be taken lightly.

Rising rates and more expensive money aren't good for the crypto sector either. This is a difficult time to be an investor and will likely remain so for some time.

## Bottom line

Avalanche remains one of the growth projects I'm most interested in right now. In times like these, finding high-quality tokens that may stand the test of time could benefit investors looking to add some risk. While most investors may be focused on risk aversion, there's also the view that buying high-growth assets in times of distress is the way to go.

I'm on the sidelines right now in terms of adding new positions due to market-related risks. However, for those looking for an interesting growth option trading at a better price, Avalanche is certainly starting to look attractive right now.

### CATEGORY

1. Cryptocurrency
2. Investing

### TICKERS GLOBAL

1. CRYPTO:AVAX (Beam Bridged AVAX (Beam))
2. CRYPTO:LUNA (Luna by Virtuals)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
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