Terra (Luna): What It Is & How to Deal with It

No comments

Luna is the token of the Terra network. But these days, it is divided into two categories: one, the Luna Classic, which represents the token related to Terra 1, and Luna 2.0. TerraClassic or Terra 1 is related to the time before May 2022 when the network of the same name crashed due to an evil genius attack caused by a massive sell-off of the Luna token of that time which is now known as Luna Classic. However, Luna is not the only token of the Terra network; TerraUSD is another token designed to play the role of a stablecoin. The stablecoins are pegged to US Dollar. Although you might think that the price of the TerraUSD must be one Dollar, in fact, because of the mentioned crash, the cost of the token at the time of writing is 0.057 Dollars, which is why it is now called TerraClassicUSD. The new Terra version, released shortly after the crash, had no stablecoin to be replaced. Also, the new network released an airdrop for the Terra 2.0 network called Luna 2.0, and the name of the previous Luna was changed to LunaClassic. In this article, we will introduce the Terra(Luna) token, the purpose of the network, the challenges you might face investing in it, and the

What Is Terra LUNA?

As we mentioned earlier, Luna is the token of the Terra network. However, these days we have two kinds of Luna: 1. LunaClassic, which is related to the TerraClassic network, and 2. Luna 2.0, which is associated with the new fork of the Terra network. Terra is a Defi protocol on Blockchain that powers the universal payment systems based on fiat currencies using the fiat-based stablecoins. This protocol uses a mixture of wide adoption of stablecoins and, at the same time, censorship resistance of Bitcoin. Terra is built on Cosmos SDK and Tendermint. The main language in which the Terra smart contracts are written, is Rust. However, there are SDKs for python and JavaScript and creating the smart contracts called CosmWASM Smart Contracts. If you are eager to get familiar with how you can interact with Terra smart contracts and also how to create and sign the transactions using this network, we have provided several tutorials on this subject, not to mention that we have written an entire article about the new fork of this network, the changes that have been made, and some important notes for developers who want to interact with this new version of the network.

Introducing the tokens of the terra network

The main tokens of Luna before the May 2022 crash were Luna and TerraUSD and some other stablecoins like TerraCNY (Chinese yuan), TerraEUR (Euro), TerraBGP (British Pound), TerraJPY (Japanese Yen), TerraKWR (South Korean Kwon), and TerraSDR (the International Monetary Fund). After the crash, in the new fork, there were stablecoins and only a token called Luna 2.0. Also, the pre-crash stablecoins names were changed to their original name plus classic as a post-fix, for instance, TerraEURClassic.

Luna classic classic vs. luna 2.0

Terra became popular first because it was a user-friendly platform for electronic cash. The popularity of this e-commerce platform raised in South Korea because it offered lower transaction fees. The use cases of the Terra network do not just boil down to payments. Additional applications are considered for this network. These applications include lending, borrowing, insurance, investing, and charitable causes. There are several applications built on top of the Terra blockchain. These applications include Anchor protocol, Chai, and Mirror Protocol. Anchor works like a bank, and its leading cause is for lending and borrowing purposes. Chai is a payment rail of the Terra network that lets users and merchants send and receive Arashtad.com Design and development solutions arashtad UST. The Mirror Protocol is a decentralized finance (Defi) platform that allows users to create and trade "mirrored assets" that "mirror" the price of stocks.

Is Terra (luna) A Good Coin?

Luna was considered one of the most promising tokens of the coin market cap, and just before its crash, it became one of the top ten cryptocurrencies in terms of its market cap. However, after the May 2022 crash and the de-pegging of its stablecoin from the US Dollar, sell-off pressure caused the price to plunge magnificently, ending up in a huge doubt among its fans, investors, and holders. The LunaClassic and Luna 2.0 are both in the market, but the market cap of both tokens does not show a promising future compared to the pre-crash all-time highs. Many people may say that the

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current price of the wrapped Luna Classic is 0.01 percent of its all-time highs, and if we invest now, our asset gets the chance of getting 10000 times more. But the truth is, the market cap is not 5 percent of its alltime highs, which means in the best-case scenario, we will only see the price getting 40 times more. Moreover, the mentioned best-case scenario is of a very low probability cause most traders are not sure about the network and are scalping rather than holding the tokens for long periods. Even if the network recovers after some good news gets published, there is a long road to get there because the network's reputation has been challenged many times in the last few months, and this is not about some kind of dumping news. The situation is more serious than that. So make sure you trade with precautions.

Conclusion

In this article, we have got familiar with the Terra network, its purpose, history, the most recent fork, and its tokens. Furthermore, we got to know some other tokens built on top of the Terra network. We also reviewed the latest crash of the network's main token, Luna, and the precautions you should take when trading these tokens.

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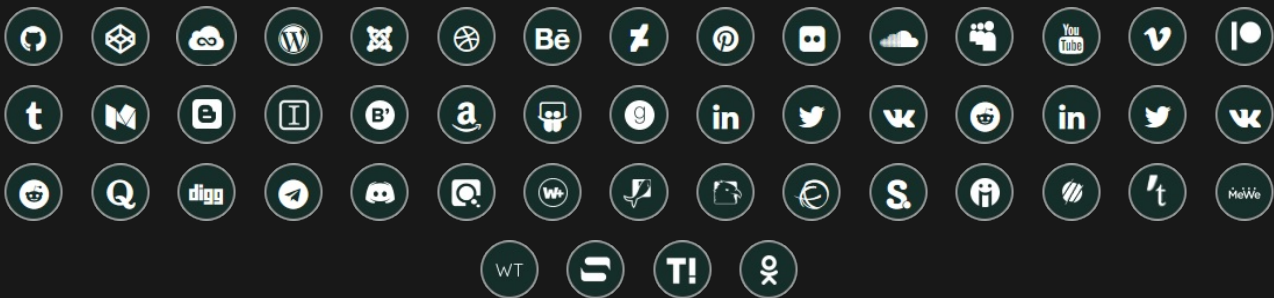
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