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Why Terra's USTC and LUNC Rally While the Market is Dwindling? A Look Into it

[USTC](#), Terra's fabled algorithmic [stablecoin](#), continues to soar. [Luna Classic \(LUNC\)](#) has also seen a price increase as a result of this price surge. Several investors are scratching their heads as to why their price has risen so dramatically in such a short period of time.

At a time when big digital assets like Bitcoin and Ethereum are battling to stop the price capitulation, the larger crypto market is still calculating its losses.

At a Point in Time

There are still a few people who believe in the original [Terra](#) blockchain, and today's rise is proof that the failed crypto project is still alive and well.

Terra's USTC is currently trading below the \$1 price peg, while the most popular algorithmic stablecoin has soared more than 120 percent in the previous 24 hours. Additionally, [LUNC](#) has gained a whopping 64.40 percent in the same 24-hour period, trading at \$0.0001498.

Even more astounding is the weekly performance of these digital assets. USTC has soared 809.9 percent in the last seven days, while LUNC has jumped 158.7 percent in the same time period. With a combined trading volume of \$1.1 billion in 24-hour trades and a \$422.9 million investment to date, LUNC and USTC have seen their stock prices soar.

The year 2022 has been more of a year of discovery than a year of outbursts. Many cryptocurrency enthusiasts ignored the poor metrics that the industry started the year with, believing that blockchain-based assets would break records this year.

When [Bitcoin](#) hit its November 2021 high of \$69,000, it fell to within \$4,000. As a result of the price decline, the overall market capitalization of crypto fell below the \$2 trillion barrier.

Adding insult to injury, Terra's catastrophe occurred. The algorithmic stablecoin UST has been removed from Terra. Despite the valiant efforts of Terra network token LUNA, the price of the fiat-backed digital asset suddenly dropped.

Do Kwon, the project's founder, was obliged to start a hard fork after LUNA's price fell from \$100 at its peak to less than \$1. As a result, USTC and LUNA have been renamed to LUNC for the stablecoin.

Is a Return Soon?

Do You think these rallies have a good justification for their existence? It appears that the defunct Terra community is to blame for this latest increase in the stock market, despite the lack of recent fundamentals to back it up.

A number of Terra 2.0 blockchain users have refused to switch to Terra 2.0's new and rebranded Terra 2.0 blockchain since it lacks Terra's USTC stablecoin input. Despite the general public's lack of interest, this cult of crypto fanatics has persisted in raising awareness of the project.

As SumoLuna tweeted, a hypothetical repeg of the USTC to its dollar value might resuscitate interest in the algorithmic stablecoin once more. A handful of his whale plays could help USTC reach this unexpected milestone, according to him. After purchasing \$8-10 billion worth of USTC for a cent, an investor or group might burn the stablecoin and exchange it for the LUNC stablecoin in order to force an exchange.

A hypothetical whale play from a month ago.

- 1) buy 8-10 billion [\\$UST](#) for a penny
- 2) buy 50% of [\\$LUNC](#) at \$.00006 for \$200 million
- 3) burn the [\\$UST](#)
- 4) turn the [\\$UST](#) <-> [\\$LUNA](#) swap back on
- 5) [\\$UST](#) re-pegs and off we go

It didn't happen but it's an interesting thought.

— Sumo (@SumoKuji) [June 28, 2022](#)

This mental process has elicited a wide range of reactions, with some users dismissing the idea as fanciful. Those who believe USTC and LUNC could return to their former affluent positions have not gone unnoticed. Investors should not be swayed by a week's performance in the wake of the Terra blockchain crisis.

What's Next?

Several investors have given up on the Terra blockchain, which has now been defunct. Several investors were reminded of the importance of hedging their exposure to the developing asset class following its fall.

What are the chances of a second chance? We'll find out in due time.