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Exactly Why Do Cryptocurrencies Burn Tokens? A Closer Look at Terra Luna Burn

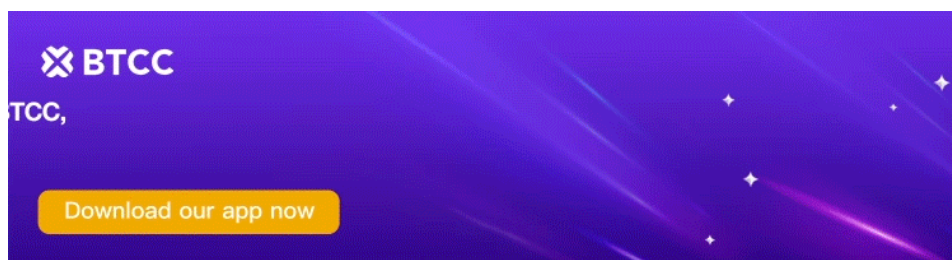
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Why Do Cryptocurrencies Burn Tokens

In order to burn tokens, the necessary number of burner tokens must be transferred to an inactive, untraceable crypto wallet. The phrase “burned” refers to the tokens’ inability to be accessed, which is why they’re called that. It is common practice in cryptocurrencies to “burn” tokens in order to boost their value by removing them from circulation.

Burner tokens can be transferred to an inactive, unreachable crypto wallet in order to deliberately lose them. The phrase “burned” refers to the tokens’ inability to be accessed, which is why they’re called that. There is a token involved in burning, [Terra \(LUNA\)](#).



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Terra (LUNA) is Starting to Feel the Burn

It has been widely reported in the media recently that [Terra](#) is a [cryptocurrency](#) that burns its coins (LUNA).

[Terra \(LUNA\)](#) is feverishly trying to get their token back to its original value after a disastrous crash earlier this month. They have burned a staggering reported 85 percent of their tokens.

Terra’s (LUNA) relationship to the [TerraUSD](#) stablecoin is the primary cause of this widespread

burning (UST). TerraUSD (USTpegged)'s \$1 value can only be restored by burning massive amounts of Terra (LUNA) tokens, and thus TerraUSD (USTlinked)'s stablecoin's value as well.

Terra's (LUNA's) stablecoin ecosystem is fueled in part by burning, which is not a novel notion for Terra (LUNA). There is a constant burning and minting of Terra (LUNA) tokens in order to maintain the value of TerraUSD (UST) at its \$1 pegged value.

As a result, a mass burning of Terra (LUNA) is taking place in an effort to restore the value of [TerraUSD](#) (UST).

Will Terra (LUNA) be able to regain its former prominence as a leading cryptocurrency after this massive burn? With the awareness that stability is not a given, how will people's impressions of [stablecoins](#) change?

Terra (LUNA) Future is Uncertain

Will Terra (LUNA) be able to regain its former prominence as a leading cryptocurrency after this massive burn? With the awareness that stability is not a given, how will people's impressions of stablecoins change?

Terra (LUNA)'s future is uncertain at this point in the story.