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Luna Swallowed Nearly 80,000 Bitcoins and Still Collapsed!

Original:

<https://www.btcc.com/en-US/academy/research-analysis/luna-swallowed-nearly-80000-bitcoins-and-s-till-collapsed>

According to experts, [Luna](#)'s collapse is as serious as the great financial crisis in 2008!

The so-called stablecoin is bringing shock waves to the [cryptocurrency](#) market, erasing its value by billions, leading to the collapse of liquid cryptocurrencies such as bitcoin and people losing their savings. The sharp collapse of Luna, the sister cryptocurrency of Terra, has made it almost worthless, which has brought a shock wave to the whole cryptocurrency market.

Experts compare the collapse of the cryptocurrency market to the great financial crisis in 2008. They also called for tighter regulation of these assets in the area of currency, which is also considered by the financial authorities to be a relatively stable bet.

The stablecoin claims to be a relative safe haven in the highly volatile cryptocurrency market. They are designed to be linked to the fiat currency, usually one to one with the US dollar. But recent events have shown that they are as volatile as other cryptocurrencies.

The Worse Situation of Luna

For Luna holders, the situation is even worse. The value of Luna tokens has almost completely disappeared. After reaching a high of just under \$120 in April, Luna's current price is only a few cents.

Whether it's the collusion between a huge whale or a large hedge fund, someone seems to have bought about \$1 billion worth of ust stablecoin and short their bitcoin. A large number of withdrawals come from anchor, a decentralized Finance (defi) protocol based on terra network. Deposits plunged from \$14 billion to \$11.2 billion in just one weekend. The existing negative market sentiment, coupled with the new FUD fear, uncertainty and doubt, led to the perfect conditions for the operation of the berth.

People are eager to withdraw their money. Due to the sharp decline in demand, the price of ust stablecoin decreased, and the value of Luna also decreased, resulting in the final loss of ust's linkage. Many compared the way the attack was planned with George Soros' bet on sterling in the early 1990s. One estimate is that the amount of this pull is more than 800 million US dollars. As things stand, no one knows the real culprit of the attack.



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Impact on Cryptocurrency Market

The cryptocurrency market, like other financial systems, is complex. As TerraUSD fell, losses went to other cryptocurrencies. On Thursday, Tether fell to \$0.96, although it later rebounded and was again equivalent to the value of the dollar. With the decline of Tether, Bitcoin plunged to about \$25,400 on Thursday, the lowest since December 2020, and then rebounded to about \$29,500 on Friday.

According to CoinMarketCap, overall, the entire cryptocurrency market has been cut by more than half since November, from \$2.9 trillion to \$1.2 trillion. More importantly, the collapse is likely to affect the traditional financial system. As Matt Levine of Bloomberg points out, some traditional traders have cryptocurrency holdings. If their cryptocurrency holdings plunge, it may affect the operations of these traders elsewhere.

Regulators have taken this opportunity to highlight the risks of cryptocurrency assets. Many people have warned that many big companies now have Bitcoin and other cryptocurrency assets on their balance sheets, which may have a greater impact on financial markets. Terra's market collapse could also cause trouble for the funding streak that cryptocurrency startups are counting on, as venture capitalists are reassessing their risk tolerance.