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## Terra LUNA Classic Price Forecast: Will LUNC Rally End?

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Terra [Luna Classic](#) (LUNC) has lost 4.6% in the last 24 hours. The current losses have wiped out the uptrend LUNC has tried to form over the past month. LUNC price has risen 211% in the past 30 days.

### Terra LUNA Classic upside ends

Last week, an [arrest warrant](#) was issued against the co-founder of Terraform Labs, [Do Kwon](#). The news dampened LUNC's rally. Before the arrest warrant, LUNC had made an impressive rally, going beyond \$0.0005 on September 8. However, LUNC has been on a steady downtrend after testing these levels as selling pressure intensifies.

LUNC was trading at \$0.000282 at the time of writing, according to CoinGecko. The bears are currently in control, and in the short term, LUNC could drop towards the lower support levels of \$0.00025. There is also a high likelihood that LUNC could drop below the \$0.0002 levels.

The global market is bearish as investors anxiously await the results of the Federal Open Market Committee (FOMC) meeting. If the meeting yields another hike in interest rates, a price decline is expected, and LUNC will drop further below current levels and test the late August 2022 lows.



The price indicators show that bears are in control of the market. LUNC's Relative Strength Index (RSI) is currently at 49%, showing that bearish sentiment is still at play. The buying support that propelled [LUNC](#)'s gains during the past month is fading as traders take profits.

The Moving Average Convergence Divergence (MACD) shows a struggle for control between the bulls and the bears, as the MACD line is at the signal line. If LUNC drops to \$0.00025 in the short term, a bearish sentiment will be strong as traders expect LUNC to drop to the near-term price target of \$0.000099.

Several macro factors are at play that signals a bearish outlook in the short term, among them being a recent US bill seeking to ban algorithmic stablecoins.



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## US legislation targets algorithmic stablecoins like USTC

Algorithmic stablecoins have been at the top of priority lists by global regulators following the

collapse of TerraUSD Classic ([USTC](#)) in May. Draft legislation before the US House of Representatives seeks to ban new algorithmic stablecoins like USTC.

A draft of the bill obtained by Bloomberg says that it proposes the criminalization of the issuance and creation of “endogenously collateralized stablecoin.” The legislation also has a two-year grace period for the existing algorithmic stablecoin providers to change their current models and have a different collateral mechanism.

The bill is expected to cover stablecoins whose value depends on another virtual asset created by the same creator. It also includes stablecoins whose crypto marketing messages say they can be converted, repurchased, and redeemed at a fixed price.

The other provision of the bill is mandating the US Treasury to be involved in a study of algorithmic stablecoins. Other regulators that have also been mentioned include the Federal Reserve, the US Securities and Exchange Commission (SEC), the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency.

Bloomberg said in its report that the bill could be passed next week. The USTC lost its peg in May, causing billions of dollars in losses. At the time of writing, it was trading at \$0.032.

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