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TerraUSD(UST) Price Prediction. Can the Former Stablecoin Recover From a Series of Lows?

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The crashed stablecoin TerraUSD (UST) has actually been abandoned by its developers. A new Terra [blockchain](#) and a revitalized LUNA token have been launched.

It has become a little difficult to answer the question of what TerraUSD (UST) is after this change. The original blockchain is now called Terra Classic, and its token is renamed Terra LUNA Classic. Now LUNC is used as the transaction code.

So what does this mean for the current TerraUSD price prediction? Well, first of all, TerraUSD has been renamed TerraClassicUSD, although at this early stage, many people and websites still call it TerraUSD. Since there are no plans to launch a new version of UST, we will use these names interchangeably.

With the value of UST collapsing to less than 1.5 cents, the [cryptocurrency](#) world has learned that a stablecoin is not necessarily stable in fact.

On May 24, 2022, investors in the relevant LUNA cryptocurrency voted in favor of the proposal to install a new Terra blockchain. LUNA Foundation Guard, the organization behind the system will actually abandon the original blockchain and extend it to UST. Since it is controlled by the community, it will become collateral and supported by the reserve fund in an attempt to restore it to parity with the US dollar.

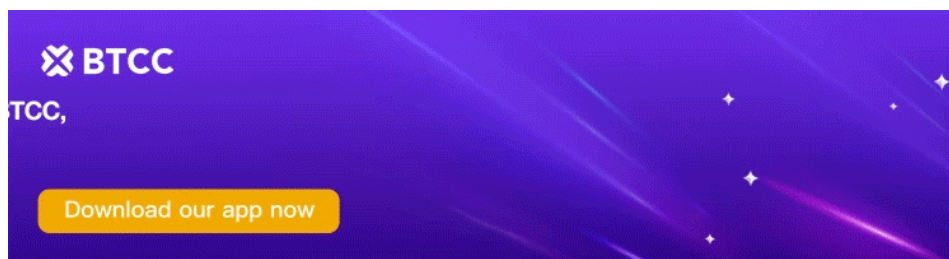
However, the impact on UST is not as expected. In the early morning of June 17, it hit the first in a series of historical lows, worth only \$0.006911. Although the price forecast of TerraUSD should always be kept at \$1, the future of the currency looks bleak under its new name after the Terra blockchain is officially suspended and UST is deprived.

What is the Purpose of UST

UST is designed to be worth one dollar forever. The idea behind the stablecoin is to solve the incredible volatility of many cryptocurrencies. The way prices may rise or fall makes many potential investors lose interest, otherwise they may like the idea of cryptocurrency.

The idea behind the stablecoin is to find a compromise. Like its name, these coins have the stability of traditional fiat money, as well as the privacy, low cost and speed of cryptocurrency.

The UST stablecoin is pegged to the US dollar, which means that, ideally, it should be \$1 at any time. If you want to forecast the TerraUSD price in 2025, it should be \$1. Unfortunately, for those who tie their money to UST (now the USTC), as of June 24, 2022, they have lost more than 98% of the value they hold.



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UST and LUNA

Terra actually has a dual token system, which uses the stablecoin TerraUSD (UST) and LUNA to stabilize the TerraUSD cryptocurrency. UST is cast by burning LUNA and can also be replaced by LUNA.

For example, if the value of UST is higher than US \$1, LUNA with the same value will be burned, which will cast more UST and reduce its value. If the UST price drops below \$1, the UST coin will be replaced with LUNA, making the UST more valuable.

When UST became decoupled, a series of withdrawals from the Anchor Protocol money market followed, which led to a serious decline in the price of coins, which in turn led to the collapse of LUNA. On May 13, 2022, the production of Terra blockchain was stopped. Although the production was resumed later that day, the prospect of TerraUSD seemed very bleak.

Initially, there was a circulation restriction of 1 billion LUNA coins; If this number is exceeded, the LUNA will be burned. However, after the cancellation of the linkage, the number of LUNAs (now LUNCs) has increased dramatically. According to the data of coinmarketcap, as of June 1, the circulation supply was a little more than 6.5 trillion.

From May 27, 2022, LUNA will run on the new blockchain, and the original token of the original blockchain will be renamed Terra Classic (LUNC). At the same time, UST will be pledged and backed by reserves to reconnect to US dollars.

What's the Matter?

Signs of trouble began on May 10, 2022, when TerraUSD fell to about \$0.68 overnight. This price decline has resulted in LUNA's market value being lower than UST, which may indicate that LUNA Foundation Guard was unable to support the price of TerraUSD.

The news came after the LUNA Foundation Guard announced that it would effectively lend \$1.5 million of bitcoin to professional market makers to try to keep the stablecoin pegged to the US dollar. The announcement came before the bitcoin itself collapsed to a 10 month low.

On May 11, the diving continued, and the UST fell to a low of US \$0.2998. When Do Kwon, the co-founder of the currency, announced that LUNA Foundation would cut the supply of TerraUSD to re-link with the currency, TerraUSD rose to close at \$0.8011. However, the collapse continued, and by May 20, 2022, it had dropped to a low of \$0.0613. A few days later, on May 25, the currency experienced a sudden surge, reaching a high of \$0.3221, but it soon fell back below \$0.07.

The news about the new version of LUNA raised UST above \$0.10 the next morning, but by May 27, its value was \$0.042. That morning, the guard of LUNA foundation said on twitter that the new blockchain would be launched the next day, but this had no positive impact on the price of UST. On May 28, it sank to a new depth, reaching \$0.01846.

At about 7:30 on June 1, it was only worth \$0.01822. The next day, the situation became worse. It fell to another record low of \$0.01454. In the early morning of June 7, the situation became worse, falling to US \$0.01451, and then falling to US \$0.01557 around 8:00 Beijing time. The next morning, there was a new low, this time it was \$0.01196, and then it reached about \$0.012 at 09:45.

In the early morning of June 9, it fell to another low point, falling over 1 cent to \$0.009257. On June 10, its value exceeded 1 cent for the last time, and the highest price in the session was US \$0.01199. After that, it continued to fall. In the early morning of June 17, it reached the latest record low of \$0.006911. By 10:05 that day, it was trading at about \$0.0074. On June 18, it fell further, reaching a record low of US \$0.006218. About a week after that, it seemed to start a very slow recovery. By 14:45 (utc+1) on June 24, 2022, its value was about US \$0.0166.



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TerraUSD Price Prediction

Due to the uncertainty surrounding UST at present, it may be a foolish act to make any form of TerraUSD coin price prediction. It is certainly no longer worth a dollar as it used to be when it was used as a stablecoin.

In other words, the USTC should still be a stablecoin. Since the prediction of the stablecoin may be affected by the prediction algorithm, what we really need to know is that - whether it is the TerraUSD price prediction in 2022, the UST price prediction in 2025, or even the TerraUSD price prediction in 2030 - the currency should have reached \$1 by then. According to some websites, this

seems unlikely.

For example, CryptoPredictions believes that it will reach US \$0.0087 by the end of 2022 and US \$0.0091 by December 2026. At the same time, Gov Capital did not even predict the USTC, suggesting that it should wither and disappear soon, becoming a de facto dead coin.

On the other hand, CoinArbitrageBot- usually one of the most bullish cryptocurrency forecasting websites — says that USTC will reach more than \$0.10 this year, but will remain until at least 2025.

Conclusion

UST was launched by Terra blockchain and Bittrex, a cryptocurrency exchange, in 2020. There is a close relationship between UST and Terra's LUNA coins. Terra operates in the proof-of-stake (POS) mode, which means that people are paid according to the amount of LUNA coins they already hold.

However, on May 28, 2022, after the vote of Terra holders, LUNA will run on the new chain, UST will be deleted from its algorithm, and the reserve will be used as collateral, because the previous LUNA was renamed LUNC, and the responsibility of linking UST was cancelled.

The blockchain was founded in 2018 by Daniel shin and do Kwon, both of whom are from Korea. On May 4, 2022, the market value of the currency was close to US \$19billion. On the morning of May 27, its market value was about US \$476million. By this standard, it is the 86th largest cryptocurrency.

But by June 17, its market value was about \$76million, making it the 270th largest cryptocurrency. In terms of stablecoin, it ranks 15th, behind tether, USD coin, binance USD, DAI, Pax Dollar, Fei USD, Gemini Dollar, FraX.

After a week, things may look a little better. Its market value has risen to less than 170million US dollars, becoming the 142nd largest cryptocurrency. It is now the 11th largest stablecoin, after Tether, USD coin, Binance USD, Dai, TrueUSD, USDT, PAX dollar, PAX gold, Fei USD and Gemini dollar.

As a background, on May 26, UST's market value jUST exceeded US \$1billion. It is the 50th cryptocurrency and the fifth largest stablecoin in the total scale. At the time of writing this report, it is still pending whether it can maintain its status and its title as a stablecoin.