



## Thread



**Do Kwon**   
@d0h0k1



1/ It's interesting that cockroaches only come out when the night is darkest.

This thread should help you understand what's been going on & how the protocol(s) have responded recently:

3:31 AM · May 23, 2021 · Twitter for iPad

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**Do Kwon** · @d0h0k1 · May 23



Replying to @d0h0k1

2/ The Terra economy continued to be put under extreme test, with both Terra and Luna undergoing sharp contractions. Remember that idiot in the tg rooms that used to ask "well, what if everyone starts selling stablecoins and Luna at once?"

That scenario has indeed happened.



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14



274



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3/ First and most important: [\\$UST](#) stability - how did we do?

Recall that Terra's stability mechanism allows arbs that manifest when price(\$UST) - \$1 < swap\_spread



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#Luna Master of Coin of \*\*\*\* City

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**The Globe and Mail** · Yesterday

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**Sasha Johnson**

Black Lives Matter is the Million critical condition wound to h southeast L 51K Tweets

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23-cv-1346 (JSR)

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Trending in United States

**Project X**

https://finder.terra.money/columbus-4/bx/2AB93F7B4B56A87F85D47494A14EB2A4

Terra/USD Price (UST)

**\$0.9878** +0.60%

0.00002712 BTC +0.60%  
0.0004486 ETH +0.80%

High: **\$0.9927** 24h

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Buy Exchange Gaming Earn Crypto

Trader: terra189rgutsul7dm47u5h4y7haxnr9q4

UST/LUNA: 6.224121  
LUNA/UST: 0.160665

Direction: UST -> LUNA  
Swapped: 22150.645992 UST  
For: 3558.838969 LUNA

Paid Fees: 43.241049 LUNA  
(1.20%)

3 5 199



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4/ Recent proposal to make those swaps even more liquid (can absorb even more contractions that today) [agora.terra.money/t/liquidity-pa...](https://agora.terra.money/t/liquidity-pa...)



Liquidity Parameters - 2

Since our last proposal (and the one Do put forth right after), the Terra ecosystem has continued it's ...

[agora.terra.money](https://agora.terra.money)

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5/ Why has Luna supply been increasing over the last few days?

That's what it's supposed to do.

Luna is burned to create UST, and is minted to redeem UST - it's an elastic supply protocol.

Sometimes economies contract, and Luna supply has increased to absorb it

[Luna Orbit](#) @justinlunaorbit · May 22

\$LUNA supply is increasing. Of course it is, the market is wrecked and this is how algo stable coins keep their peg. It's always been about using \$UST. Ecosystem is contracting right now not shocking. Maybe it

...ing 4:17. Economy is contracting right now not shocking. Maybe it stops, maybe it doesn't 🤔. Easy to bull in bull and bear in bear 🐻  
twitter.com/lmichaelmarque...

🗨️ 2

🔄 12

❤️ 223



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6/ But ser, what happened to Luna price?

Note that the mechanism above makes demand for Luna\_cyclical\_ to Terra's economic growth:

during rapid growth, Luna does well as supply shrinks as fundamentals improve. During contractions, the opposite is true.

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7/ What about the apps?

Before, I've claimed that demand for @mirror\_protocol and @anchor\_protocol could be (and is indeed designed to be) countercyclical to overall crypto macro demand

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8/ On @mirror\_protocol, the number of users buying and LPing mAssets has indeed increased, as users take flight from crypto to more stable equity like mAppl.

Result: TVL relatively unharmed despite declining yields due to price fall of \$MIR

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9/ On @anchor\_protocol, similar safe haven characteristics have been exhibited with new users coming in.

Unfortunately, on the borrowing side, a lot of users have gotten liquidated due to cascading liquidations.

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10/ Now, to the cockroaches:

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11/ It's always been interesting how the cockroaches come out of the woodwork to spread FUD and misinformation almost exclusively during the busiest and toughest of times.

Where were these sage advisors during the good times? Lol

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12/ In my experience, if advice is offered only during certain market conditions, it's almost always bullshit.

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13/ To address some of this bullshit anyway - has the team been dumping Luna?

I hold the majority of the team's Luna holdings, and I've bought 50M Luna in 2020 and also bought more Luna in 2021.

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14/ I don't keep track of how much other employees buy and sell - this would be a very toxic workplace indeed.

I hope they sell, and put food on their families' plates.

That's why I pay them. That's kind of how employment works.

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15/ Did early investors "dump"? I don't track this either.

Keep in mind all investors in Terra bought Luna at fair prices then.

All of you had opportunities to buy at the same or lower prices with much less risk in 2019.

Who cares who sells when. They all deserve it.

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16/ Is [\\$UST](#) growth manipulated by Terraform Labs?

Nobody who's used mirror or anchor could believe this - but just for clarification we currently hold only ~59M [\\$UST](#).

Reminder that there's currently over 2B in UST stablecoins.

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17/ In my view, none of the fundamentals in this ecosystem have changed:

- 1) the same apps are being developed
- 2) the same robust community exists
- 3) the ecosystem is significantly de-risked for having survived one of the worst market crashes in crypto

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18/ For those of you missing the ATH, all I can say is we didn't come this far to get to anywhere but the top.

Building pure, unbiased and decentralized money is the long game - and now I know which diamond hands will build it with me.

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1.2K



**Peru** @Siph3nX · 23h

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Replying to @d0h0k1  
[@threder\\_app](#) compile

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**millor** @marc\_ghl · 4h

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[@readwiseio](#) save thread

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