Let's Start a RAI-OT

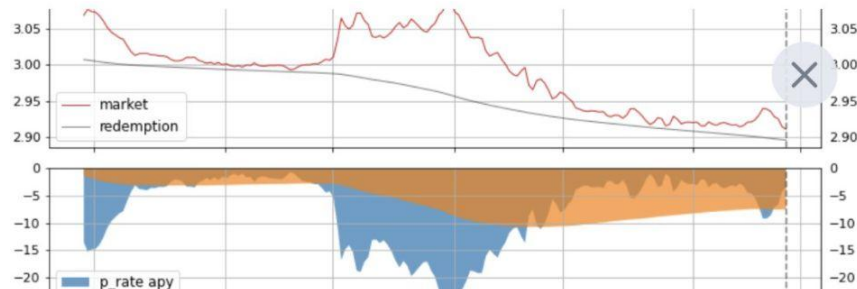## Fabio Hildebrand

Money God Disciple

What is RAI?

- Fork of MakerDAO DAI

- ETH-only collateral

- *Floating* peg

- Self-stabilizing via onchain PI controller

- "Ungovernance"

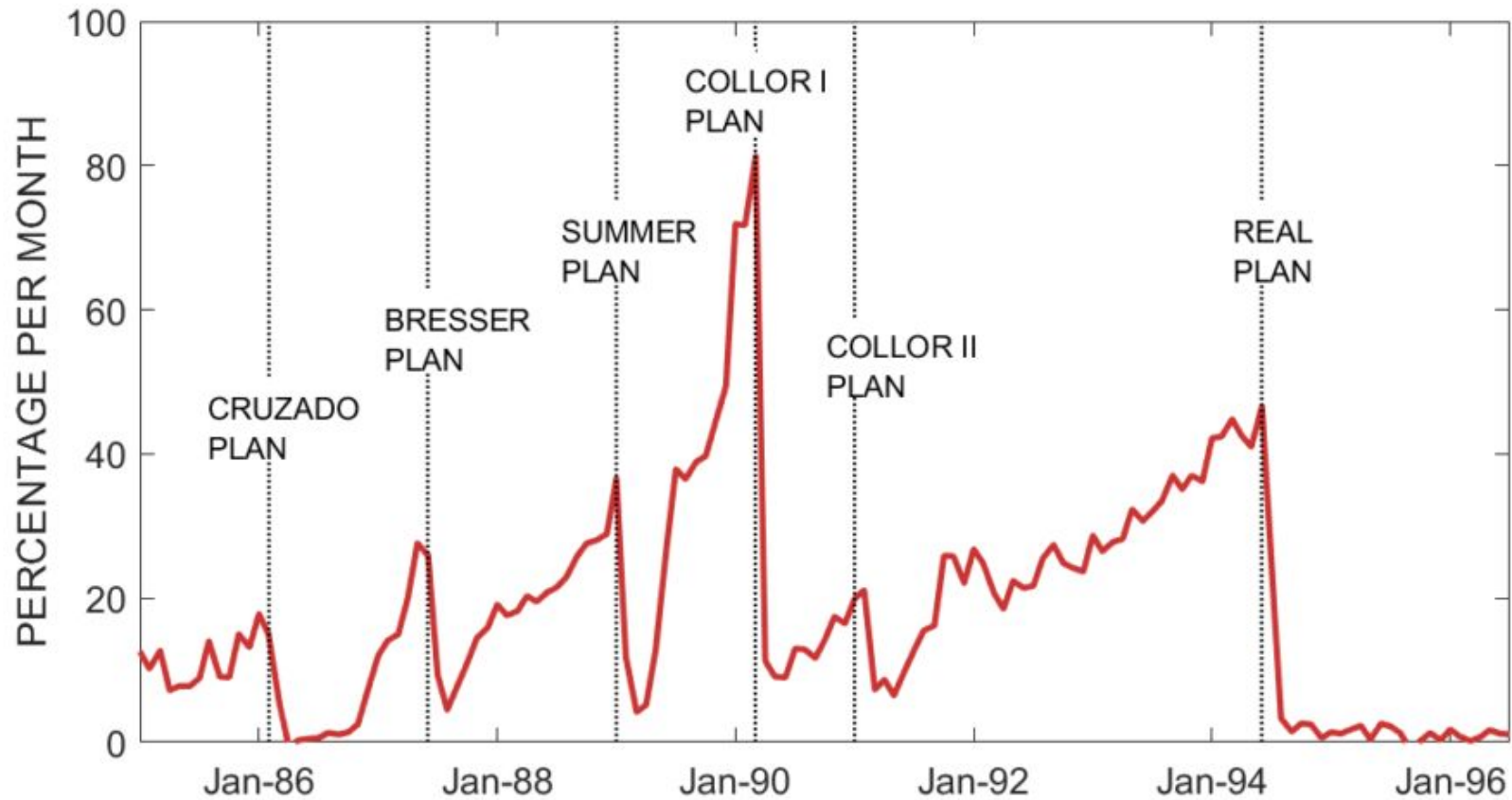- The future of finance

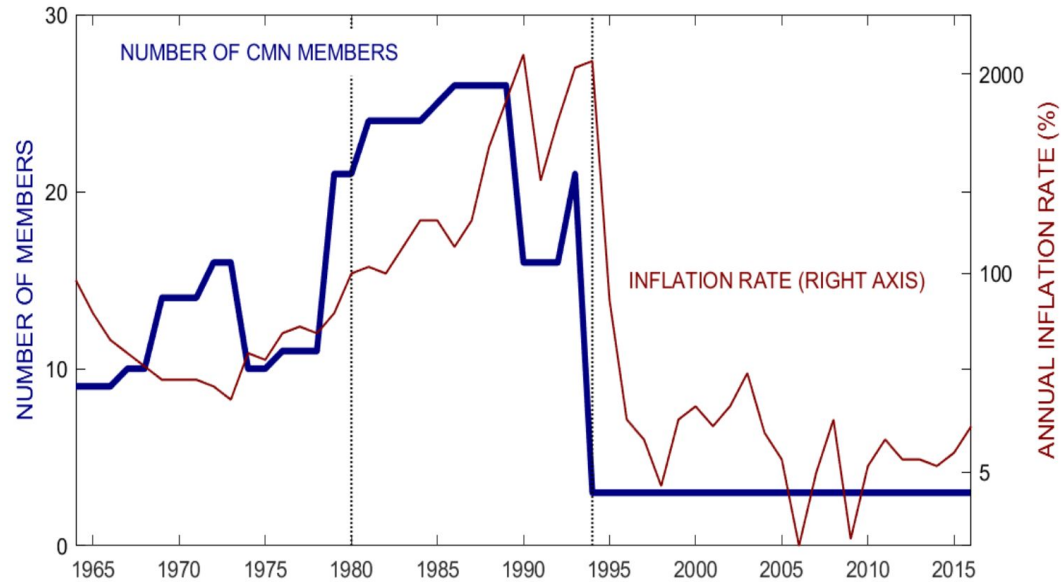# The Dark Age of Central Banking

Brazil Inflation

The Dark Age of Central Banking

The Dark Age of Central Banking

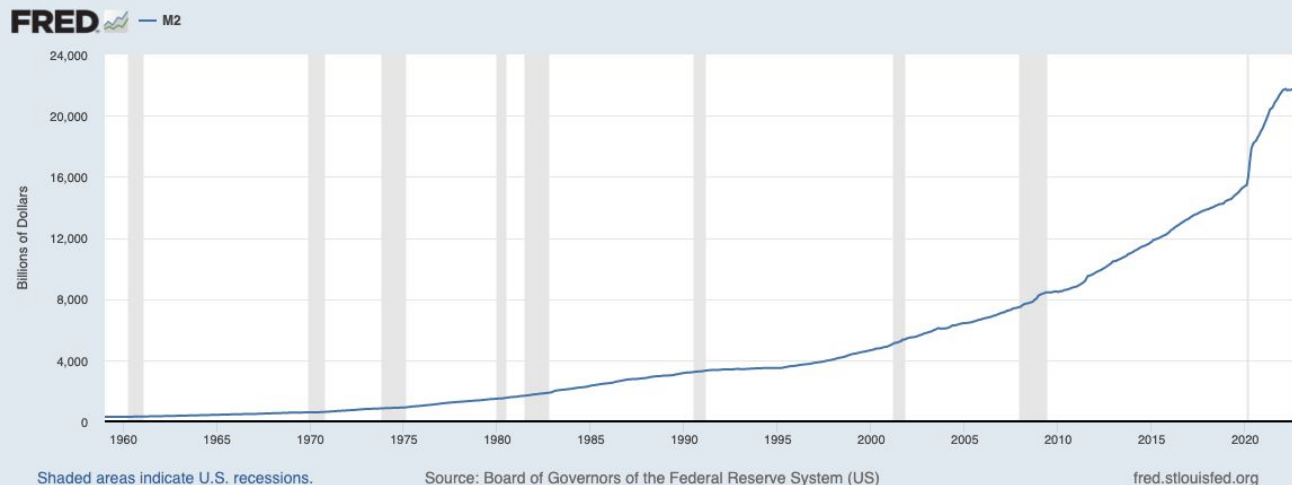Figure 25: Size of National Monetary Council (CMN) and inflation

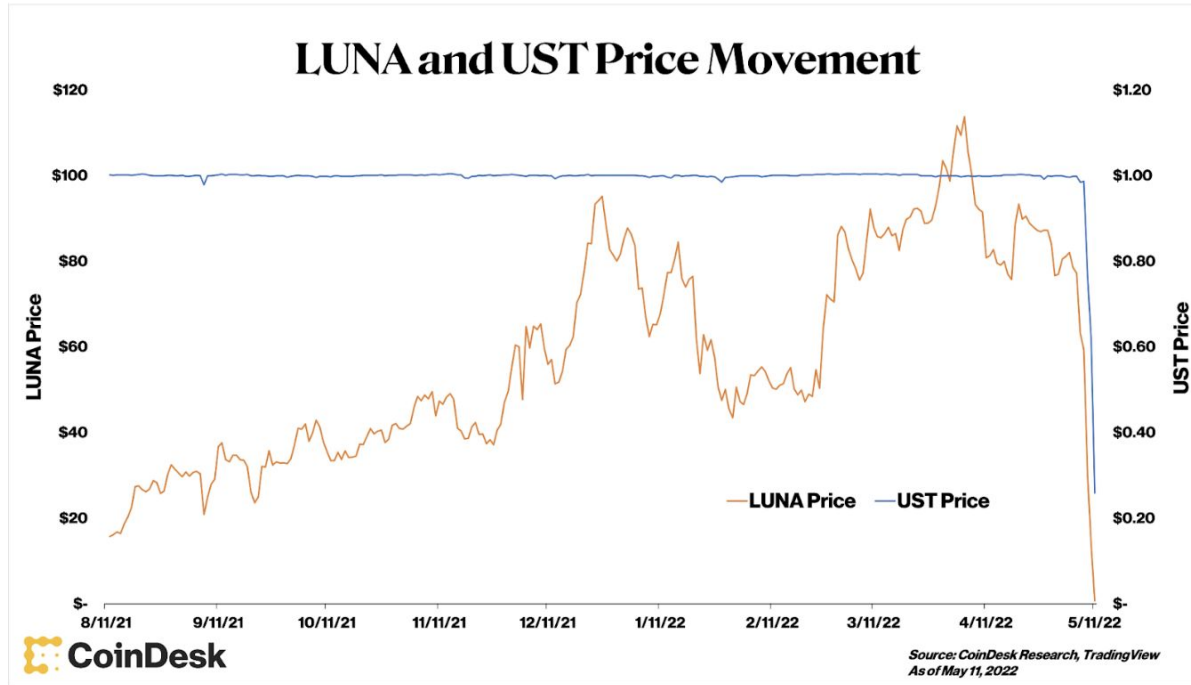*Sources:* IPEADATA and Franco (2017).

The Dark Age of Central Banking

Q1 '21 — "QE wont cause inflation"

Q2 '21 — "Some inflation but transitory"

Q3 '21 — "Ok high inflation but we are peaking"

Q4 '21 — "Ok inflation maybe not transitory but job market, wage growth very strong"

Q1 '22 — "Need to hike aggressively to curb inflation but no worries economy very strong and soft landing possible"

Q2 '22 — "Negative growth in Q1 but no recession risk"

Q3 '22 — "Ok recession coming but you will not lose your home"

Q4 '22 — "Ok you may lose your home but you wont starve to death"

Q1 '23 — "You may die but you go to heaven"

- USD is the best functioning currency on the planet

- But the cracks are beginning to show…

FRED — M2

Shaded areas indicate U.S. recessions. Source: Board of Governors of the Federal Reserve System (US) fred.stlouisfed.org

Speed running the central bank ponzi

LUNA and UST Price Movement

Source: CoinDesk Research, TradingView
As of May 11, 2022

Source: *CoinDesk Research, TradingView as of May 11, 2022*
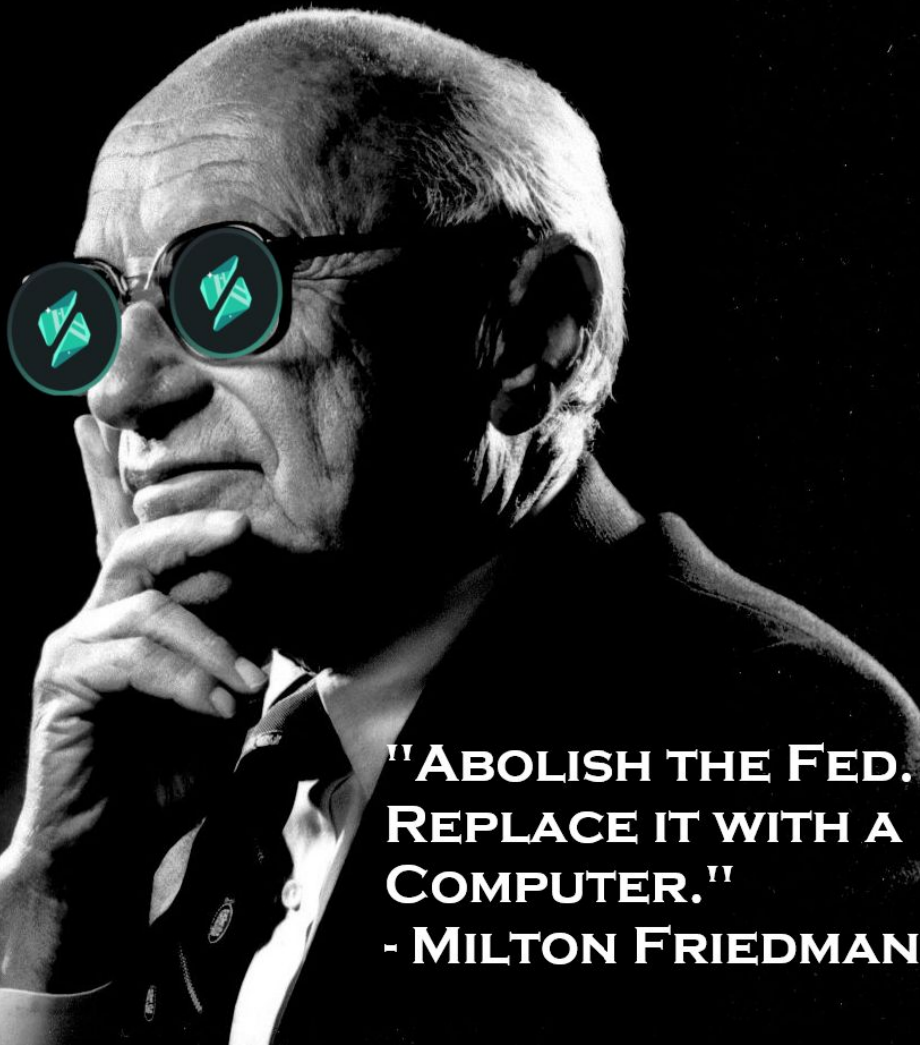
"Abolish the Fed. Replace it with a Computer." - Milton Friedman

So Why RAI?

- What if the humans are actually the main source of instability?

- What if our currency was honest?

- What if our currency wasn't a ponzi?

- What if our money supply automatically expanded and contracted as needed?

- What if proper central banking has never been tried?
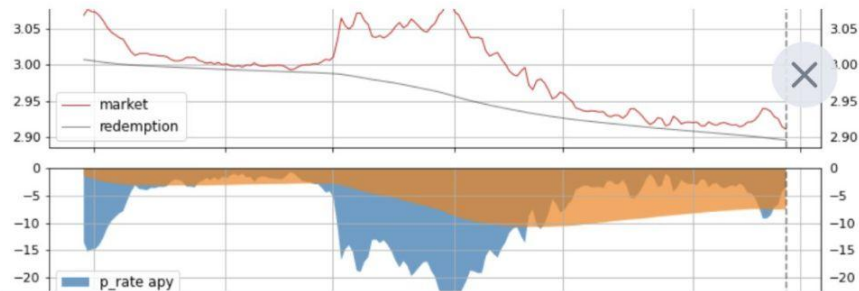
What is RAI?

- Fork of MakerDAO DAI

- ETH-only collateral

- *Floating* USD peg

- Self-stabilizing via onchain PI controller

- "Ungovernance"

- The future of finance

Fork of MakerDAO DAI

- Collateralized Debt Positions
  - deposit ETH to mint RAI

- Minimum Collateral Ratio
  - 135%, liquidations on chain

- Oracle Security Module
  - 1 hour time delay for ETH price update

- FLX governance token and backstop
  - similar to MKR, buyback & burn

- Additional features (Staking, Saviours)

ETH-only collateral

- RAI can ONLY be minted against ETH

- Eliminates counterparty risk

- RAI inherits ETH "moneyness"

- Growth Strategy: ETH go up

- Already 100% ungoverned

Others 5%
WSTETH 2.5%
GUNIV3DAIUSDC1 6.8%
USDC 53.2%
USDP 7.5%
ETH 8.1%
GUNIV3DAIUSDC2 11.3%
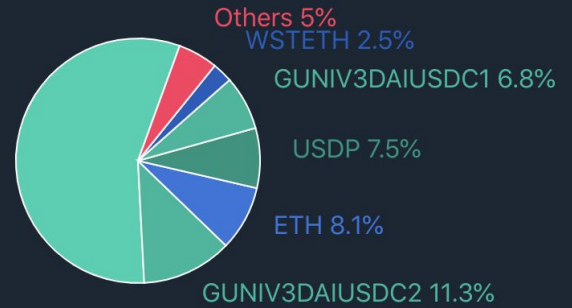
Dai Generated by Collateral

Floating peg
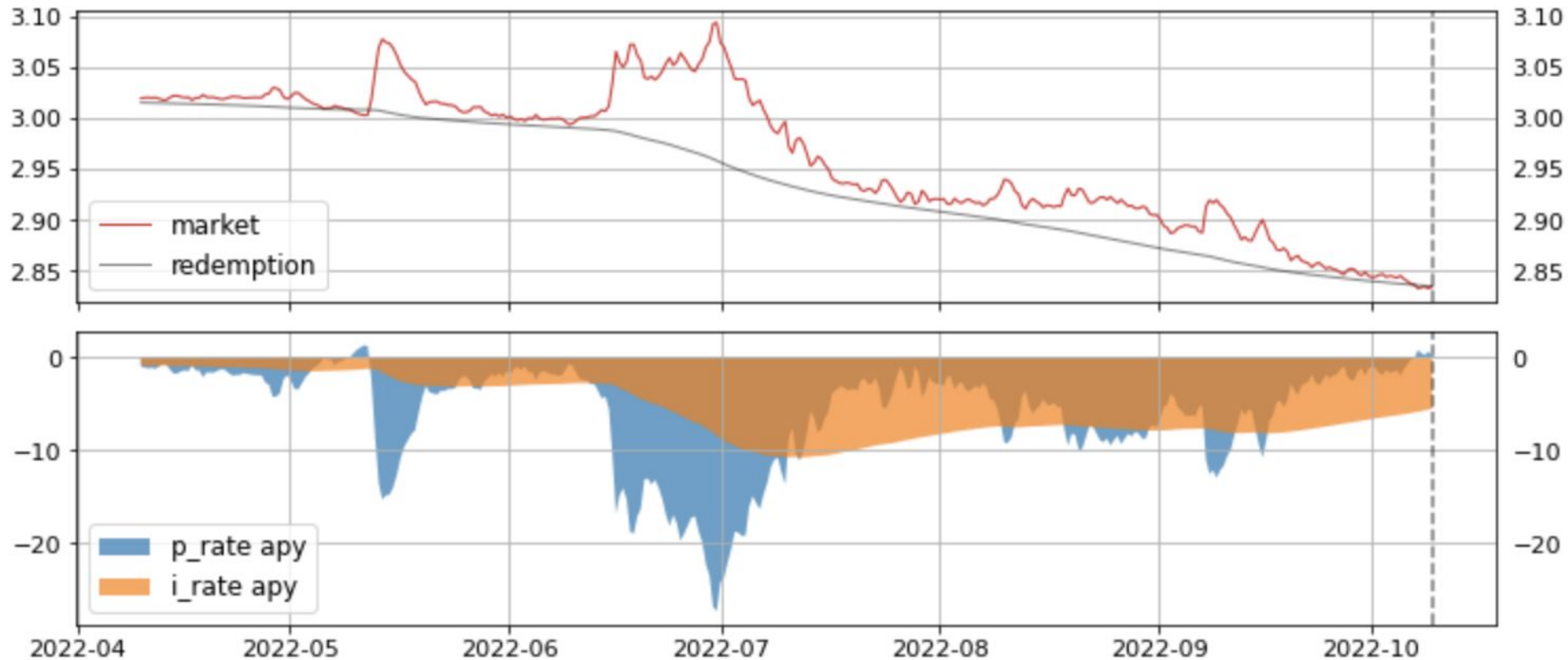

Major Currencies and RAI in relation to USD

Floating peg

Self-stabilizing via onchain PI

RAI History: last 180 days

Self-stabilizing via onchain PI controller

- Total Rate = Proportional Rate + Integral Rate

- "Stability" for RAI means "balancing RAI supply and demand" and not "pegging to $1 USD"

- "Farm to table" yield
  - you know where the yield coming from
  - Negative Rates? RAI holders pay RAI borrowers
  - Positive Rates? RAI borrowers pay RAI holders

- The expected net value transfer between RAI borrowers and holders provides the incentive to balance supply & demand

- Money God always wins
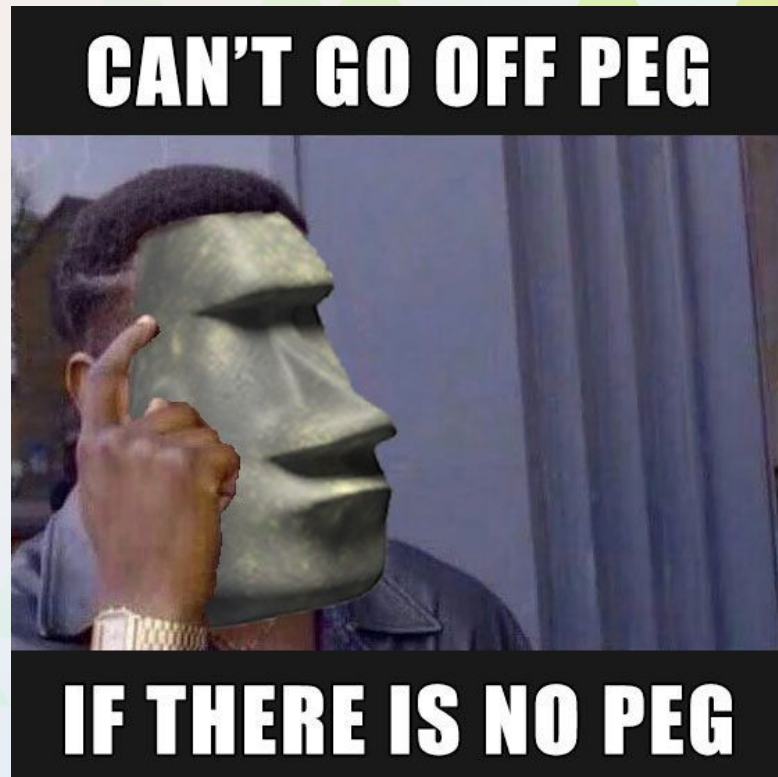
Ungovernance

- Governance took over control of the system in Jul/2022

- Governance can only control select params
  - Oracles, Saviors
  - PI Controller params
  - Governance Updates

- Team multisig was fully removed

- Ungoverned components are ungoverned **permanently**

The future of finance

Central banks will be open source programs

The cost of operating a "central bank" will drop 1000x

These programs will run transparently & autonomously

Communities will manage their own credit facilities

Central Banks will... decentralize

You will all learn to like the floating pegs

Rai is R&D for humanity

RAI needs you!

I WANT YOU
TO JOIN THE
MONEY GOD
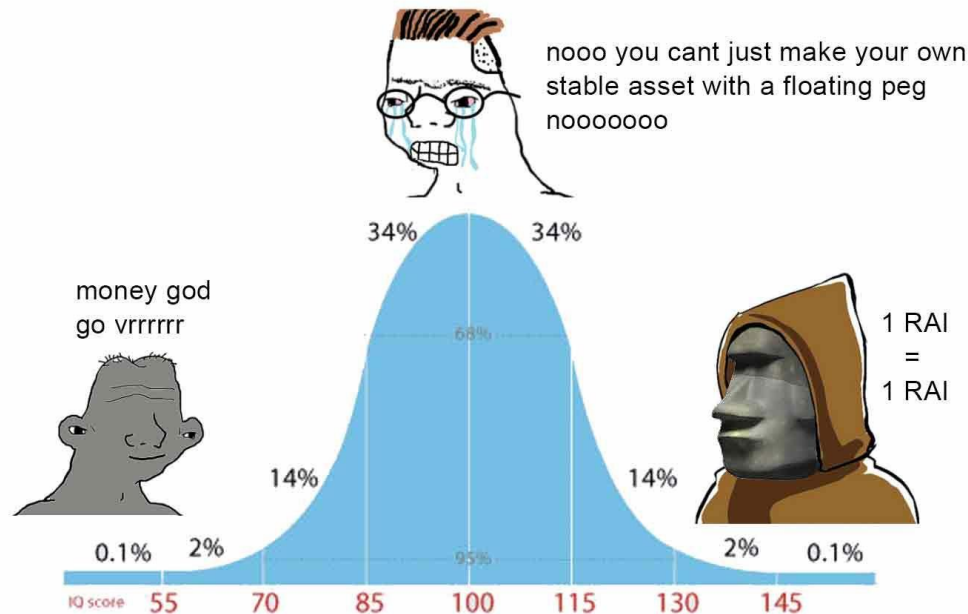
Calls to action

- ETH lords - join us!

- Deposit ETH, borrow RAI:
  - Spend the RAI, pay back later
  - Long ETH/RAI -> collect the rate
  - Short RAI using DAI -> collect the rate
  - Yield farm with the RAI

- Join the RAI community on discord!
  - meme the dream
  - explainer content
  - monetary policy
  - control theory
  - enlist in our dev reserve force
  - bounties available!
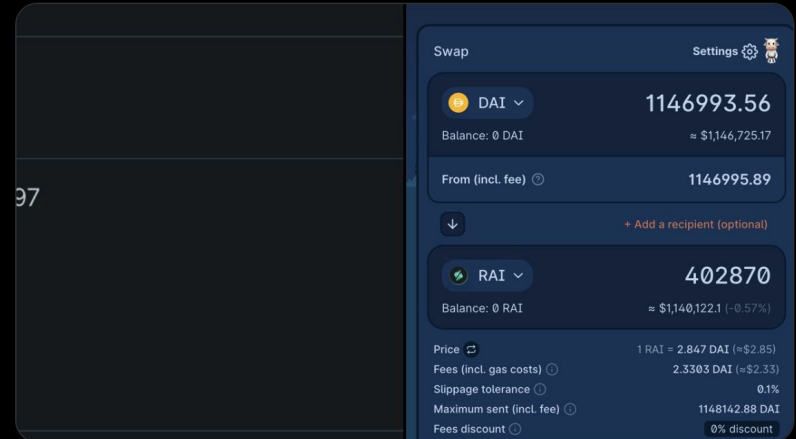

kyoronut | きょろナッツ
@kyoronut

4/4
With the 2%/yr stability fee, Vitalik's debt is now 402.87k RAI.
zapper.fi/account/vitali...

The amount can now be bought with 1147.0k DAI in one shot.

So, 1221.3k - 1147.0k = 74.3k DAI (6.1% of the origin) is the current unrealized profit of the Vitalik's position.

1:00 AM · Oct 8, 2022 · Twitter Web App

Money God League

- Let's turn our RAI-ot into a RAI-volution

- We envision 1000+ RAI-like systems

- MakerDAO - Nikolai's Vision

- H2O, TAI

- Maybe you!

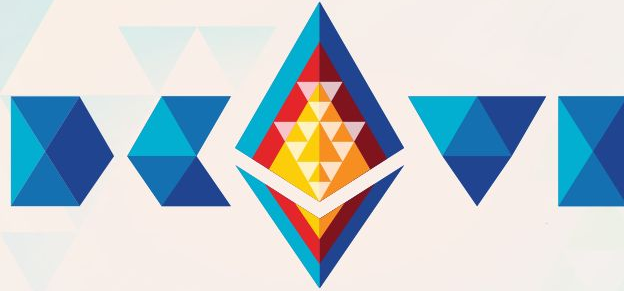**mintnburn** Today at 12:45 PM
what is meant by negative target rate?

Rune Today at 12:45 PM
means slowly depegging from 1 USD, like rai

CORE DEVS DONT CARE ABOUT US

Thank you!

Fabio Hildebrand

Reflexer DAO

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@fabiohild