



Name	7d Change 	TVL 
1 <b>MakerDAO</b> 1 chain	+6.06%	\$6.308b
2 <b>JustStables</b> 1 chain	+8.60%	\$1.57b
3 <b>Liquity</b> 1 chain	+13.52%	\$764.13m
4 <b>Prisma Finance</b> 1 chain	+14.15%	\$309.31m
5 <b>crvUSD</b> 1 chain	+27.00%	\$248.65m

According to DeFiLlama platform these are the top 5 platforms by TVL: MakerDAO, JustStables, Liquity, Prisma Finance and crvUSD.

MakerDAO, as one of the pioneering platforms in the DeFi space, boasts a proven track record and a decentralized governance model. Its stability mechanisms, such as the Stability Fee and Liquidation Mechanism, contribute to the stability of the DAI stablecoin. However, MakerDAO requires users to overcollateralize their assets, which can limit borrowing capacity and exclude users with limited collateral. The system's complexity may also pose challenges for new users, and vulnerabilities, as evidenced during extreme market events like Black Thursday in March 2020, remain a concern.

JustStables plays a crucial role in stabilizing the DeFi ecosystem by providing decentralized liquidity for stablecoin trading pairs. While it ensures the stability of stablecoins commonly used as collateral in platforms like MakerDAO and Liquity, JustStables has a limited focus primarily on stability provision. Additionally, its reliance on stablecoin liquidity exposes users to risks associated with stablecoin volatility and market dynamics.

Liquity offers an innovative approach by allowing users to borrow against their ETH collateral without requiring overcollateralization. Its decentralized Stability Pool helps stabilize the LUSD stablecoin's peg to the USD, reducing reliance on centralized mechanisms. However, Liquity is a relatively new platform compared to MakerDAO, raising concerns about security, reliability, and adoption. Moreover, its limited collateral options and potentially less decentralized governance model may deter some users.

Prisma Finance introduces a novel approach to CDPs by leveraging synthetic assets and algorithmic stability mechanisms. While offering flexible collateral options, Prisma Finance may still be in the

development stage, with limited adoption and potential risks associated with unproven technology. Its governance model and risk management mechanisms may also be less mature or tested compared to established platforms like MakerDAO, and building awareness and adoption among users and liquidity providers could be challenging.

crvUSD benefits from integration with Curve Finance, a leading decentralized exchange (DEX) optimized for stablecoin trading. It enables liquidity provision and rewards users with transaction fees and governance tokens. However, crvUSD may not directly offer CDP services, limiting its appeal to users seeking collateralized borrowing or stablecoin issuance.

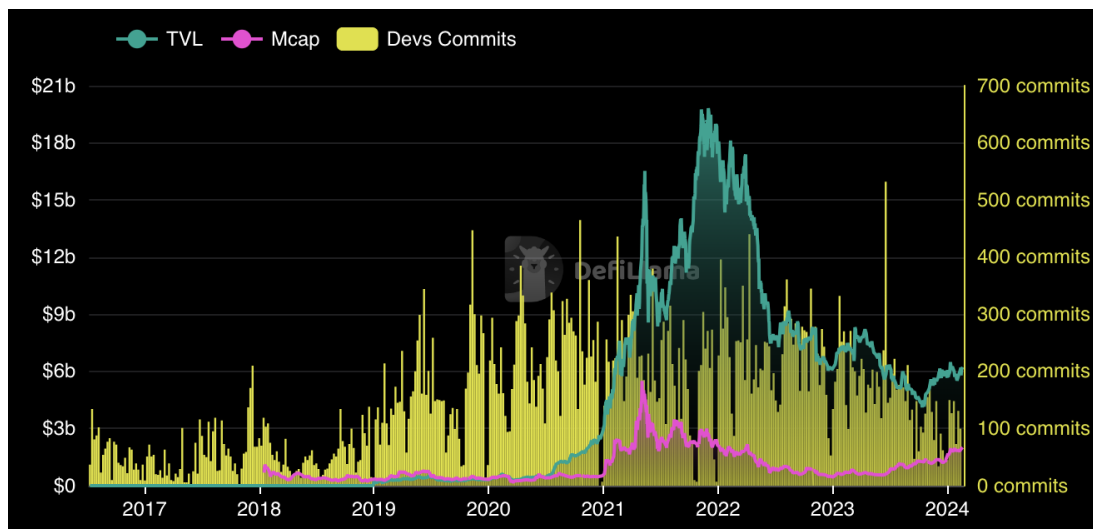


Figura 1- MakerDAO. Source: <https://defillama.com>



Figura 2 – JustStables. Source: <https://defillama.com>

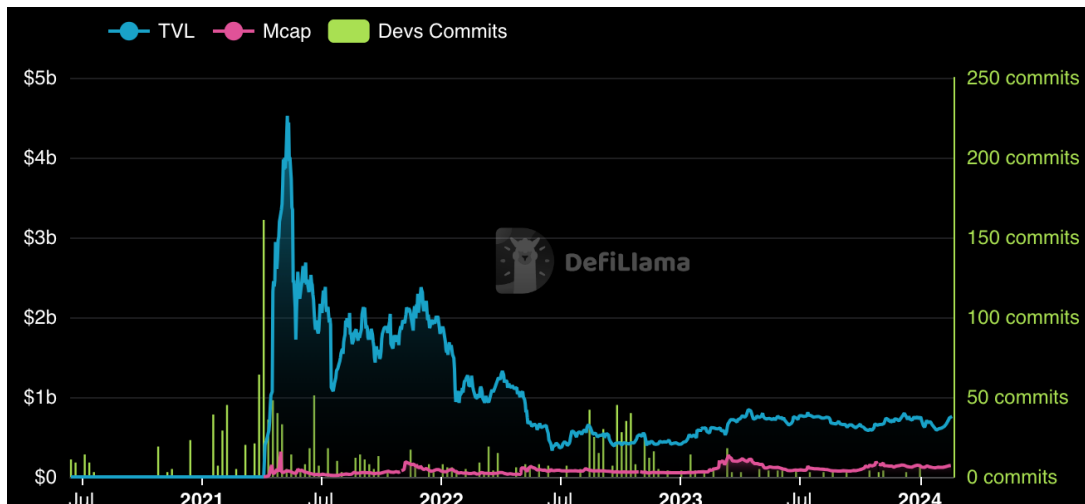


Figura 3 – Liquity. Source: <https://defillama.com>

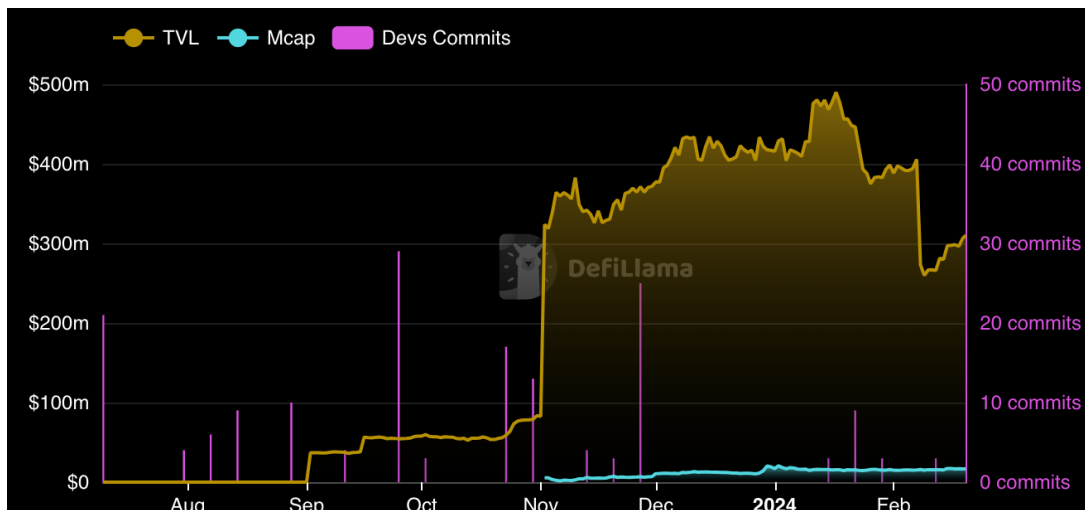


Figura 4 - Prisma Finance. Source: <https://defillama.com>



Figura 5- crvUSD. Source: <https://defillama.com>

Among the top 5 contenders, MakerDAO emerges as the frontrunner by a substantial margin, boasting the highest scores in Total Value Locked (TVL), a metric indicative of its widespread adoption and resonance within the community. Moreover, it stands out as the epicenter of developer activity, evidenced by its prolific daily commits. In this competitive landscape, Liquity emerges as the closest rival, closely trailing behind in the metrics scrutinized in this analysis. Meanwhile, the remaining three competitors lag noticeably, possibly attributable to their recent origins. Notably, all contenders witnessed a surge in TVL during the COVID-19 crisis, due to the popularity of the blockchain industry during that period.

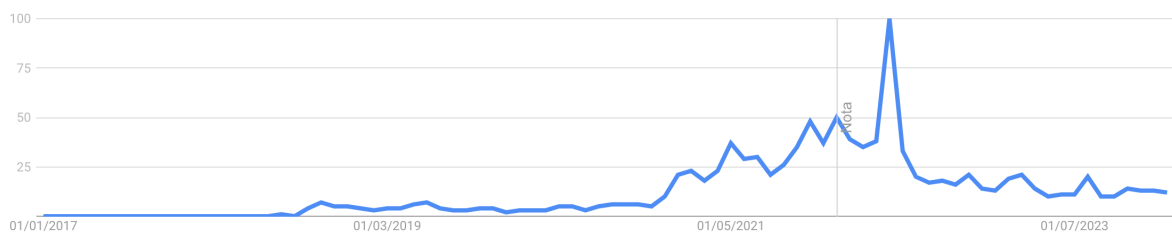


Figura 6 - Stablecoin topic interest trough time. Jan 2017 to Jan 2024. Source: GoogleTrends

When assessing its performance against the US dollar, DAI appears to lag behind its counterparts among the top 4 stablecoins.




























Name	Chains ?	% Off Peg ?	1m % Off Peg ?
1  Tether (USDT)	       +62	-0.02%	+0.40%
2  USD Coin (USDC)	       +61	0%	+0.50%
3  Dai (DAI)	       +33	+0.20%	+0.30%
4  First Digital USD (FDU...)	 	+0.10%	+1.20%

Figura 7- Top4 stablecoins - Off Peg. Source: <https://defillama.com>

In terms of maintaining parity with the US dollar, it ranks comparatively lower. Consequently, if I were to utilize a stablecoin for transactions, DAI would be the least preferable option among the four, given its notable deviation from the dollar's value.

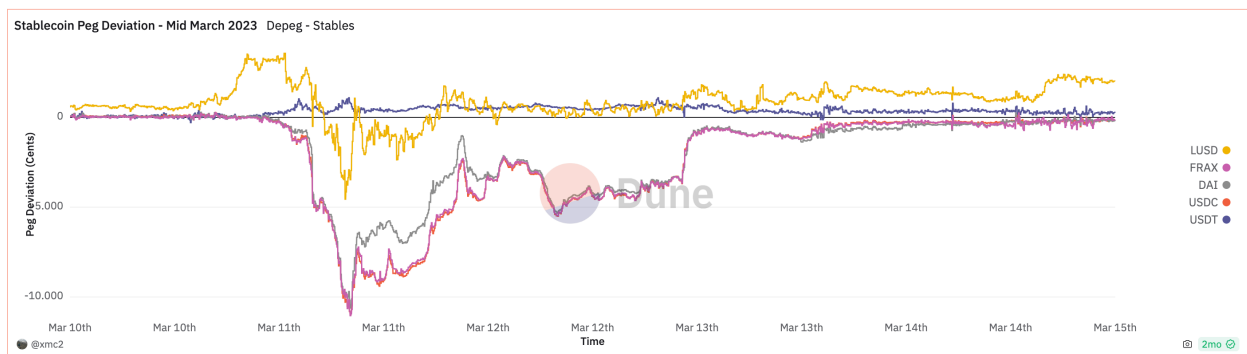


Figura 8 - March 2023 Peg Deviation. Source: <https://dune.com/xmc2/march-2023-depeg>

We can see as well from figure 8 that it has an higher peg variation when compared with LUSD, USDC and USDT, which are much more stable on following the US dollar.

When it comes to annual yield, DAI falls short in delivering the highest returns.

Pool	Project	Chain	TVL ↕	APY ⓘ ↕
1 ↗ DAI (DSR)	 MakerDAO		\$1.193b	5.00%
2 ↗ SUSDE	 Ethena		\$160.82m	19.53%
3 ↗ SDAI	 sDAI		\$50.77m	6.69%
4 ↗ HAY	 Helio Protocol		\$13.46m	0.19%
5 ↗ AUSDC	 Yeti Finance		\$12.13m	3.19%
6 ↗ STEUR	 Angle		\$5.45m	3.38%
7 ↗ AGEUR-USDCPL	 Angle		\$3.96m	14.82%
8 ↗ MILKTIA	 Nitron		\$2.57m	0.66%
9 ↗ AGEUR-EUROCLP	 Angle		\$2.42m	6.65%
10 ↗ 3EURLP	 Angle		\$2.24m	6.21%
11 ↗ STEURLENDING	 Angle		\$1.92m	24.52%

Figura 9 - APY. Source: <https://defillama.com>

When it comes to annual yield, DAI falls short in delivering the highest returns. For instance, while MakerDAO offers an APY of 5%, SUSDE boasts a significantly higher average return of 19.53%. However, as with any investment, it's crucial to weigh returns against risks. In this analysis, liquidity serves as a measure of risk, with Total Value Locked (TVL) acting as its proxy. Comparing APY against TVL for the first two pools, we can derive the following results:

- DAI:  $5\% \times 1193m = 59.65$
- SUSDE:  $19.53\% \times 160.82m = 31.40$

When evaluating both return and risk, DAI emerges as offering a notably better value proposition in terms of risk-adjusted pricing, especially when assigning equal weight to both factors.