

Summary

This ARFC proposes to increase the wstETH supply cap to 4,650 on Aave V3 Arbitrum.

Motivation

wstETH is currently at 100% utilization of its supply cap on Aave V3 Arbitrum. This increase happened over the past couple of days after the supply cap was doubled from 1,200 to 2,400.

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To calculate the new cap, we have utilized our[supply cap methodology](#). As wstETH is in the ETH-correlated emode, we have simulated a 15% drop in its price to evaluate the amount that would be liquidated, and assessed the on-chain liquidity that would allow for profitable liquidations under the 2% LP configured for the emode.

Supply Cap

Extreme Liquidation Amount

Max Amount Liquidated

R

Recommended Supply Cap

wstETH

2,400

\$621,000

\$1,080,000

1.93

4,650

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The proposal represents a near 100% increase from the current caps, making this ARFC compliant with the “direct-to-AIP” framework.

Specification

Ticker: wstETH (wstETH)

Contract Address: 0x5979D7b546E38E414F7E9822514be443A4800529

Parameter

Current

Proposed

Supply Cap

2,400

4,650

Borrow Cap

190

400