Description

Maker is increasing rapidly in terms of collateral types and DAI supply. In order to have a clear understanding of the current state of the Maker ecosystem, we need to develop monitoring tools, specifically for Vault users, DAI liquidity and competitive landscape. This should give us a better understanding of DAI primary issuance and how DAI flow between AMMs and secondary lenders is affecting the peg. This will also help us understand the effects Vault users have on the peg, what are liquidation risks associated with certain Vaults, and ultimately help decide on appropriate risk premiums, debt ceilings and stability fees to maximize Maker's risk return ratio.

Tasks

What do we want to monitor live?

1. Vault DAI Utilization Metrics
2. DAI & other stablecoin balances and on-chain flows
3. Competitive landscape

1) Vault DAI Utilization Metrics

We need to have a live view on Vault issuance of DAI, including collateralization metrics and where that DAI is flowing to. Current publicly available dashboard for vault analysis is http://makervaults.descipher.io/ from Vishesh, with data provided by Defi Saver API. However, it doesn't cover all vault types.

The goal of such a monitoring tool is to know what type of user the owner is and what he/she is doing with minted DAI. For example in the current state, the majority of vaults are utilizing DAI for various farms and majority of them are DAI long, which is extremely important information for estimation of potential liquidations and how their issuance is affecting the peg. This also helps us better understand what fees are appropriate for particular collateral types and is the risk of Maker's underlying portfolio.

2) DAI & Other Stablecoin On-chain Balances and Flows

At any given time, we want to know where DAI is located. We want to understand all major addresses on thislist. This will help us to better understand DAI flows between protocols via balance analysis and also find the new relevant addresses which enter the DAI system. For example when there is a new farm, which shifts DAI balances and influences the price, we want to know which address it is via on-chain analysis.

In recent months AMMs became very liquid and their new mechanic has a severe influence on asset prices. AMMs changed the price dynamic, as they determine price from the asset ratios inside the pool.

In order to understand the DAI peg, we must start monitoring the exact balance of assets in the relevant markets. Only then we will be able to understand if the price of DAI changed due to the inflow/outflow of centralized stablecoin or was it caused by DAI flows.

Current example of most relevant AMMs;

- Curve, Y pool
- Curve, sUSD pool
- Curve, PAX pool
- Curve, Compound pool
- Swerve, swUSD pool
- Mooniswap, DAI-USDC
- Mooniswap, DAI-USDT
- UniswapV2, DAI-USDC
- UniswapV2, DAI-USDT
- Balancer, DAI-USDC
- UniswapV2, DAI-WETH
- Sushiswap, DAI-WETH

3) Competitive Landscape

Based on the recent Rase Setting proposal, we want to better understand Maker's position in DeFi space in terms of its products and price list (rates). In order to do that, we need to have a live view on the competitive landscape. This means we need to monitor rates of secondary lenders, how their product differs from Maker's and make comparative assessments. Only then we are able to start using business logic when deciding for a proper stability fee of certain Vault types.

Criteria

Applicant should:

- Have an understanding of MakerDAO primary issuance of DAI and Vault mechanics
- Be able to perform on-chain analysis on Ethereum
- Build a regularly updated and publicly accessible monitoring tool that is maintained
- Understand and follow DeFi ecosystem developments on a daily basis
- Be comfortable taking initiative and self-directing

Interested?

If you feel you, or your team are interested and capable of building these tools, please reach out to @doopson

(Primoz) on the MakerDAO Rocketchat.

Funding will be provided in Dai through the Grants Program framework.

We will be releasing more such tasks in the future, more specifically related to risk evaluation of collateral onboarding. We envision to attract more regular contributors to the Risk Domain team by sharing our knowledge and releasing such tasks.