

This report builds upon Gauntlet's [Market Downturn Risk Review](#) to keep the community informed of market risks pertaining to Aave. Over the past 3 months, Gauntlet has executed 4 sets of recommendations and has implemented twenty-six (26) parameter suggestions across thirteen (13) assets as part of our [Dynamic Risk Parameters](#) engagement.

Parameter

Prior Value

Current Value

CRV Loan To Value

45%

55%

CRV Liquidation Threshold

60%

65%

FEI Loan To Value***

0%

65%

FEI Liquidation Threshold***

0%

75%

FEI Liquidation Bonus

0%

6.5%

LINK Liquidation Bonus**

7.5%

6.3%

LINK Liquidation Threshold

75%

78%

MKR Liquidation Bonus

8.0%

7.5%

SNX Loan To Value

40%

45%

SNX Liquidation Threshold

60%

65%

xSUSHI Loan To Value

45%

50%

xSUSHI Liquidation Threshold

60%

65%

UNI Liquidation Bonus

8.0%

7.5%

AAVE Loan To Value

60%

62.5%

DPI Liquidation Bonus

8.5%

7.5%

ENJ Liquidation Bonus

7.5%

6.5%

MANA Loan To Value

65%

61.5%

DAI Loan To Value

75%

77%

USDC Loan To Value

82.5%

85.5%

USDC Liquidation Threshold

85%

86%

USDC Liquidation Bonus

4%

4.5%

**Represents parameters where Gauntlet has changed parameters several times.

Gauntlet's parameter updates align with the [Moderate risk level](#) that the Community has collectively voted for.

In addition to managing market risk for Aave, Gauntlet has also invested in creating educational resources to help the Aave community and the broader DeFi community better understand market risk. Gauntlet has recently published the following educational documentation and advises that the community review these resources:

- [Gauntlet Announces Collaboration with Moody's on Risk Management in DeFi](#)
- [Gauntlet Parameter Recommendation Methodology](#)

- [Gauntlet Model Methodology](#)
- [Deep Dive on Value at Risk](#)

Gauntlet has launched the Aave [Risk Dashboard](#) and has invested in improvements to its infrastructure to enable daily updates. The community should use the dashboard linked above to understand better the updated parameter suggestions and general market risk in Aave. Gauntlet is keen on continuously bettering its dashboards and has been conducting user studies with members of this community and others to inform future iterations.

Highlights

Supply changes of key collateral assets from 01/01/2022 to 03/31/2022

Borrow changes of key collateral assets from 01/01/2022 to 03/31/2022

Price changes of key collateral assets from 01/01/2022 to 03/31/2022

Liquidations breakdown by collateral from 01/01/2022 to 03/31/2022

Liquidations breakdown by account from 01/01/2022 to 03/31/2022

Top 10 liquidations breakdown by account from 01/01/2022 to 03/31/2022

New insolvent accounts from 01/01/2022 to 03/31/2022

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](https://europe1.discourse-cdn.com/business20/uploads/aave/original/2X/8/82f717a089ec43e6b7162febe9e186d498d068de.png)

Note that the only insolvencies are from negligible dust accounts, the largest of which has \$1,975 supplied and the largest insolvent amount of \$3,043.

Time series of collateral-specific volatility from 01/01/2022 to 03/31/2022

Using the 28-day trailing data and the Garman Klass volatility estimator, which utilizes both daily high H_i and low L_i prices, as well as daily opening O_i and closing C_i prices, the annualized volatility for each asset can be calculated as follows:

If you are unfamiliar with the concept of volatility, please reference [this writeup from Gauntlet](#).

Time series of collateral-specific protocol collateralization ratios from 01/01/2022 to 03/31/2022

The average collateralization ratio for an asset is a valuable indicator of how risky suppliers behave.

Time series of liquidation volume from 01/01/2022 to 03/31/2022