

Liquidity Pools

The Auto Market Maker (AMM) is the core of pool models and liquidity pools, instead of using the Oracle price, AMMs determine the prices by the algorithm.

Initially, there are two types of pools on SyncSwap.

Classic Pool

The Classic Pool is built for general-purpose tradings and utilizes the constant product algorithm, also known as $x*y=k$.

$$x * y = k \quad x*y=k$$

$$* y$$

= k Classic Pool supports virtually any assets and maintains 50%-50% balanced reserves.

However, it is not optimized for stable assets, and the Stable Pool is a better choice for stables like USDC/USDT.

Stable Pool

The Stable Pool is optimized for stablecoin tradings and utilizes a hybrid algorithm of both the constant product and the constant sum.

The pool model performs as a constant sum AMM when the price is pegged around 1:1 to support highly efficient tradings.

$$x + y = k \quad x + y =k$$

$$+ y$$

= k And fallback to perform as the constant product AMM when the price is de-pegged.

$$x * y = k \quad x * y =k$$

$$* y$$

= k Stable Pool is optimized for assets like USDC/USDT that are pegged tightly around 1:1.

The pool will be highly efficient when two tokens are pegged at 1:1, but it is inefficient for uncorrelated assets like ETH/USDC.

Concentrated Pool

The Concentrated Pool in concept is a little similar to the stable pool but supports the dynamic price instead of fixed 1:1.

The pool will concentrate liquidity around the market price dynamically and provide a tighter spread around the market price.

The Concentrated Pool is coming soon.

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