

When users deposit into the Aave Protocol, they will earn some interest as that deposit contributes to the liquidity in the protocol that is loaned out to borrowers. The interest rates depositors earn depends on the market supply and demand. For example, if a user has deposited DAI and lots of people want to borrow DAI, but the deposited supply is quite low, then the interest rates for DAI depositors will increase to attract more deposits. On the other hand, if nobody wants to borrow DAI and the DAI supply is high, then the interest rates will be lower.

Depositors can see the Annual Percentage Yield (APY) that they will earn on their deposits in the [Aave DApp](#). APY is the yield/interest after a year, which includes compounding interest. This is different from Annual Percentage Rate (APR) which does not take into account compounding effects. The APY is subject to change according to supply and demand, but the DApp also gives a past 30 day average to give you a broader view.