Introducing 'Kandel-AAVE' by MangroveDAO: An On-Chain Market Making Strategy Sourcing Liquidity from AAVE

Hello AAVE community,

I'm Bryce from [Mangrove](), serving as the Head of Marketing & Communications.

Mangrove is an on-chain order book DEX that allows liquidity providers to post arbitrary smart contracts as offers.

We're excited to share our latest on-chain market-making strategies named Kandel and Kandel-AAVE. One of these strategies sources its liquidity from AAVE

, and we can't wait to get your feedback and thoughts on it. These strats will be available on Polygon Testnet in the coming weeks. Before diving in, let's introduce Mangrove!

What is Mangrove

?

Mangrove is an on-chain order book DEX, introducing the "Offer-is-Code" approach. This unique feature allows liquidity providers to post arbitrary smart contracts as offers. Imagine an order book where liquidity providers can post offers and structure them as smart contracts - the Mangrove ecosystem is designed to enhance control, flexibility, and capital efficiency in the DeFi space.

Below is an animated illustration explaining Mangrove.

Since July 17, Mangrove Beta has been live on the Polygon Mainnet. We announced this launch on the EthCC 6 main stage. You can watch our presentation [here]().

We will soon launch Kandel and Kandel-AAVE, which we'll explain to you below.

Kandel: The Next-Gen AMM Strategy

Kandel is an Automated Market Making strategy that uses on-chain order flow to repost offers instantly on the Mangrove order book, without any latency.

Imagine having a market-making bot, but this bot operates solely on chain.

Here's a snippet of what Kandel offers:

- Instant On-Chain Reposting

: It capitalizes on the interaction between buyers and sellers, focusing on the movement they create rather than the price.

- Automated Bids & Asks

: Within the market and price range of your choice, Kandel autonomously posts both bids and asks. Its main goal is to buy low and sell high.

- Profits Through Spread

: The strategy garners its profits via the accumulated spread - the difference between the bids and asks that are executed.

For a step-by-step visual explanation of Kandel, please refer to our specific part of the Kandel documentation [here]().

Kandel-AAVE: Enhancing Liquidity Efficiency

Now, introducing our bespoke strategy that sources its liquidity from AAVE: Kandel-AAVE.

This strategy mirrors the core Kandel approach, with a crucial enhancement: the Strategy reserve, consisting of Unallocated and Published liquidity, is parked on AAVE, allowing it to accrue additional yield. When an offer finds a match, the required liquidity is sourced directly from the funds supplied on AAVE.

Kandel and Kandel-AAVE will be ready to use on the Polygon Testnet in the coming weeks.

We at Mangrove are eager to foster collaboration with the AAVE community. We'd love to have your feedbacks. Your

insights and opinions are invaluable in refining our strategies.

Warm regards, Bryce from Mangrove.