

TL;Dr - Use Asset Pools to Allow People to Go Long on Asset

So my proposal revolves around allowing people to go long on an asset through the asset pools. Sushiswap Kashi offers something close to this and I think this is a feature Aave would benefit from.

How does this work?

Using Ethereum and Dai as an example, lets say you want to go long on ETH. Right now you have to follow the steps below

1. Deposit ETH as collateral
2. Take out Dai as a loan with the ETH as collateral
3. Buy ETH with the borrowed DAI
4. Add the ETH just purchased as collateral

Repeat this process, then if ETH goes up in value, you can sell it and repay the loan which you owe in DAI, thus pocketing the difference.

Implementation

Allow people to use Aave AMM, Uniswap, Sushiswap, as the facilitator of the rebuying of collateral. Allow a slider to choose the exposure (1.5x leverage, 2x leverage etc), and show people in clear terms what their liquidation floor. Wrap this position neatly in an ERC-721, so people can trade these long positions on an open market, and transfer them. This last step is unseen atm, and Aave doing could help the adoption of a new standard.

Why?

Increases utilization of Stablecoin pairs, as they increase thus allowing you to reap more rewards on your stablecoin positions while acquiring no additional risk. This could be done as a standalone dApp, but I wanted to go through this channel first, because I feel the integration could help it a lot.

Offer ideas below, curious to hear the thoughts of others on this!