

# Summary

A proposal to:

- Increase cbBTC's borrow cap on the Base instance.
- Increase osETH's supply cap on the Ethereum Core instance.
- Increase USDC's supply and borrow caps on the ZkSync instance.
- Increase USDC.e's supply cap on the Gnosis instance.

All increases are backed by [Chaos Labs' risk simulations](#), which consider user behavior, on-chain liquidity, and price impact, ensuring that the higher cap does not introduce additional risk to the platform.

## cbBTC (Base)

cbBTC's supply cap is 24% utilized while its borrow cap is fully utilized.

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## Borrow Distribution

Borrows are concentrated in a single position, with a user borrowing cbBTC against WETH.

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While this position is large, WETH is highly liquid, and cbBTC's liquidity is sufficient to facilitate an increase in the borrow cap.

## Liquidity

cbBTC's liquidity against WETH has steadily improved since September.

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## Recommendation

Given user behavior and on-chain liquidity, we recommend doubling the borrow cap.

## osETH (Ethereum Core)

osETH's supply cap is 48% utilized while its borrow cap was recently reduced to 1.

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### Supply Distribution

Unlike other LST/LRTs, osETH's top two suppliers are not borrowing WETH against their position, putting this market at somewhat higher risk of liquidation. However, these accounts carry strong health scores of 4.39 and 5.01, respectively, decreasing the likelihood of liquidation.

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However, overall WETH is still the most borrowed asset against osETH.

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### Liquidity

osETHs' liquidity has remained stable against USDC, allowing us to recommend a supply cap increase.

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### Recommendation

Given on-chain liquidity, we recommend doubling osETH's supply cap.

## USDC (ZkSync)

USDC has nearly reached its supply cap while its borrow cap is 59% utilized. Growth has been driven by ZK Ignite incentives for supplying USDC.

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## Supply Distribution

Supply is well distributed, with no single user accounting for a majority of the market. Additionally, none of the top supply positions present liquidation risk in their current form.

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Users are primarily looping the asset with itself, reducing the risks in this market.

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## Borrow Distribution

As a result, there is significant overlap between top suppliers and top borrowers. The top borrowing positions do not present a risk to the protocol.

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USDC is the largest collateral asset for USDC, followed by WETH, which is highly liquid.

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## Liquidity

Liquidity for the asset has improved significantly since the start of the ZK Ignite program.

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Recommendation

Given user behavior and on-chain liquidity, we recommend increasing USDC’s supply and borrow caps.

USDC.e (Gnosis)

USDC.e has reached its supply cap while its borrow cap is 66% utilized.

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Supply Distribution

Supply is concentrated with a single user, though this user does not borrow against their collateral, significantly reducing the risk in this market.

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Overall, USDC.e is scarcely used as a collateral asset on Gnosis.

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Recommendation

Given user behavior, we recommend increasing the supply and borrow caps.

Specification

Instance

Asset

Current Supply Cap

Recommended Supply Cap

Current Borrow Cap

Recommended Borrow Cap

Base

cbBTC

5,000

-

320

640

Ethereum Core

osETH

10,000

20,000

1

-

ZkSync

USDC

16,000,000

32,000,000

14,400,000

28,800,000

Gnosis

USDC.e

6,000,000

10,000,000

5,400,000

9,000,000

## Next Steps

We will move forward and implement these updates via the Risk Steward process.

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