

Summary

A proposal to:

- Increase sUSDe's supply cap on Aave V3's Ethereum - Core instance

sUSDe (Ethereum-Main)

sUSDe has reached 100% supply cap utilization on the Ethereum Core instance.

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Supply Distribution

The supply of sUSDe on Ethereum remains well distributed, with the largest supplier accounting for less than 17% of the total supply. All top positions borrow a mix of USDC, USDS, and/or USDT. This is likely done to mitigate the effect of interest rate spikes in a single stablecoin.

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All of the positions maintain safe health scores given the high correlation between the collateral and debt assets. None of the top positions pose a liquidation risk.

Overall, USDC is the most popular borrowed asset against sUSDe, followed closely by USDT and USDS. WBTC is the top volatile asset borrowed, representing just \$1M out of \$725M of sUSDe-collateralized debt.

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Liquidity

sUSDe's liquidity against USDC has continued to improve in December, supporting an increase in its supply cap.

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Recommendation

Given user behavior and on-chain liquidity, we recommend increasing the supply cap to 1,000,000,000 sUSDe. This increase is 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.

Specification

Chain

Instance

Asset

Current Supply Cap

Recommended Supply Cap

Current Borrow Cap

Recommended Borrow Cap

Ethereum

Core

sUSDe

750,000,000

1,000,000,000

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Next Steps

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

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