

# Summary

A proposal to increase the GHO minting cap from 40M to 45M.

## Motivation

As noted in the previous cap increase, the recent surge in GHO utilization and liquidity, prominently exemplified by the newly introduced [GHOTHENA](#) and [GHO/fxUSD](#) liquidity pools on Curve, which collectively hold 24% of the total circulating GHO, has significantly bolstered on-chain liquidity. This surge has also contributed to maintaining a relatively tight peg and has heightened the attractiveness of speculative GHO yields.

For instance, assuming a scenario where all newly minted 5 million GHO tokens are sold immediately, the current distribution of GHO across liquidity pools results in a minimal slippage of just 0.54%.

Furthermore, the recent uptick in stkGHO emissions, now at a 30% APR while constituting 37.5% of the current total supply, combined with the imminent [significant adjustment](#) of GHO interest rates to more accurately reflect market-based rates at 13% APR establishes clear parameters for a gradual increase in the GHO minting cap. This approach is essential given the evolving landscape of GHO utilization and market conditions, ensuring that we meet demand while maintaining stability within the ecosystem.

We recommend increasing the caps from 40M to 45M GHO. Following discussions with the future GHO Steward multisig members [@karpatkey\\_TokenLogic](#) and [@aci](#), we have decided to implement these updates via the Risk Steward process in 2 tranches: the first with a 2M increase and the second with a 3M increase after 5 days, barring impact on the peg.

If the current momentum and market conditions remain, we aim to continue to gradually raise the GHO minting cap over the next weeks by implementing incremental borrow cap increases. We will closely monitor market behavior and evaluate this decision with every increase.

## Specification

Update Date

Current Minting Cap

Recommended Minting Cap

03.28.2024

40,000,000

42,000,000

04.02.2024

42,000,000

45,000,000

## Next Steps

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

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