

Summary

A proposal to increase:

- WXDAI - Supply and Borrow Cap
- USDC - Supply and Borrow Cap
- sDAI - Supply Cap

Motivation

The recommendations below were made utilizing Chaos' supply and borrow cap methodologies and after analyzing user positions for each asset.

USDC

The supply and borrow caps for USDC on Gnosis V3 are currently at 92% and 72% utilization, respectively.

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The recent increase in USDC supply is mainly due to a single [user](#) supplying over 5.45M USDC, amounting to over 99% of the total USDC supply. The user is currently not borrowing any assets against his collateral

Considering the current liquidity and user positions on Gnosis, we would recommend doubling the supply and borrow cap. However, given that onchain circulating supply of USDC on Gnosis is 9,869,758, and as we recommend capping the supply caps of stablecoins to 75% of their respective on-chain circulating supply, we recommend a supply and borrow cap of 7.4M.

WXDAI

The supply and borrow caps for WXDAI on Gnosis V3 are currently at 100% and 90% utilization, respectively.

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The recent increase in WXDAI supply is mainly due to a single [user](#) (same user supplying the majority of USDC) supplying over 4.2M WXDAI, amounting to over 91% of the total WXDAI supply. The user is currently not borrowing any assets against his collateral.

Considering the current liquidity and user positions on Gnosis we recommend doubling the supply and borrow cap and setting them at 9.2M and 9.2M, respectively.

sDAI

The supply cap for sDAI on Gnosis V3 is currently at 96% utilization

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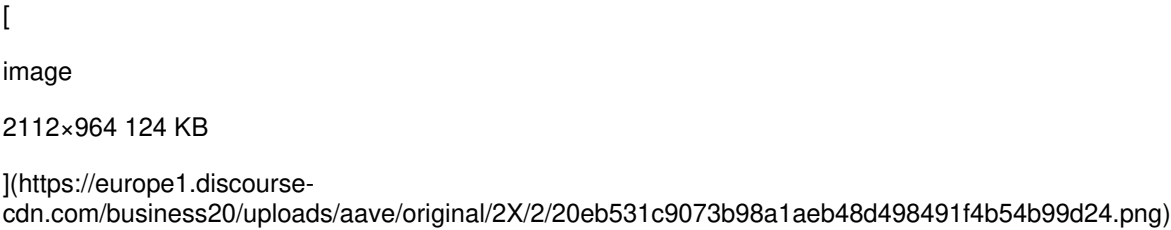
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Borrow Distribution:

As can be seen in the graphs below, over 98% of borrowed assets against sDAI collateral are stablecoins.



Considering the liquidity on Gnosis current usage of sDAI as collateral, we recommend doubling the supply cap to 20M.

Specification

Chain	
Asset	
Current Supply Cap	
Recommended Supply Cap	
Current Borrow Cap	
Recommended Borrow Cap	
Gnosis	
WXDAI	
4,600,000	
9,200,000	
4,600,000	
9,200,000	
Gnosis	
USDC	
6,000,000	
7,400,000	
5,600,000	
7,400,000	
Gnosis	
sDAI	
10,000,000	
20,000,000	
N/A	
N/A	

Next Steps

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

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