

Summary

A proposal to increase

- WXDAI — Supply and Borrow Cap
- sDAI — Supply Cap

Motivation

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

WXDAI

The supply and borrow caps for WXDAI on Gnosis V3 are currently at 81% and 73% utilization, respectively.

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The growth in WXDAI has again been driven by a single [user](#) who supplied 3M WXDAI on March 20, a day after the supply caps were [doubled](#). This user has still not borrowed against their position and maintains a balance of 5.3M xDAI deposited in the sDAI contract, along with balances of 700K WXDAI and 210K xDAI.

Borrow Distribution

Less than \$100K worth of assets is borrowed against WXDAI.

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Considering the current liquidity and user positions on Gnosis, we recommend increasing the supply and borrow cap to 18M.

sDAI

The supply cap for sDAI on Gnosis V3 is currently at 100% utilization.

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Borrow Distribution:

As seen below, 80% of borrowed assets against sDAI collateral are stablecoins. This is a decline from 98% earlier this week, when the supply cap was doubled from 10M to 20M. However, the composition of borrows remaining stablecoin-heavy makes large scale liquidations less likely.

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Today, a [user](#) deposited 5.94M sDAI and borrowed 700 wETH (\$2.45M). The health score of their positions on Gnosis is 2.14. Considering the liquidity on Gnosis and the composition of borrows, we recommend increasing the supply cap to 40M.

Specification

Chain

Asset

Current Supply Cap

Recommended Supply Cap

Current Borrow Cap

Recommended Borrow Cap

Gnosis

WXDAI

9,200,000

18,000,000

9,200,000

18,000,000

Gnosis

sDAI

20,000,000

40,000,000

N/A

N/A

Next Steps

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

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