

Summary

A proposal to:

- Increase the weETH supply and borrow cap on Aave V3's Arbitrum deployment.

weETH

Motivation

weETH has reached its supply cap and 89% of borrow cap on Arbitrum.

Supply Distribution

Most of the top suppliers are borrowing WETH against weETH collateral, putting these positions at limited risk of liquidations, given the calculated oracle for weETH.

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Overall, WETH represents 100% of the value borrowed against weETH.

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Recommendation

Given the analysis above and onchain liquidity, we recommend doubling the supply and borrow cap.

Specification

Chain

Asset

Current Supply Cap

Recommended Supply Cap

Current Borrow Cap

Recommended Borrow Cap

Arbitrum

weETH

1,000

2,000

100

200

Next Steps

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

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