

Summary

A proposal to increase the borrow cap for PYUSD and supply cap for LDO on AAVE Ethereum V3.

Motivation

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

PYUSD

The borrow cap for PYUSD on Ethereum V3 is currently at 91% utilization.

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Given its market cap and liquidity conditions we recommend increasing the borrow cap to 30M.

LDO

The supply cap for LDO on Ethereum V3 is currently at 87% utilization.

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Utilizing our supply cap methodology, we have determined that the current state of the asset on Ethereum allows for an increase in the Supply Cap of LDO to 8M.

Borrow Distribution Analysis

There are currently a total of \$3.07M of assets borrowed against \$16.5M of LDO on Aave Ethereum V3.

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The current percentage of debt against LDO collateral is approximately 18%. Given the on-chain LDO liquidity, the distribution of LDO debt, and overall utilization on Aave, we propose a slight increase in the Supply Cap from 6M to 8M.

Recommendations

Asset

Current Supply Cap

Recommended Supply Cap

Current Borrow Cap

Recommended Borrow Cap

PYUSD

40,000,000

no change

18,000,000

30,000,000

LDO

6,000,000

8,000,000

3,000,000

no change

Next Steps

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

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