

title: [ARFC] TokenLogic GHO Stewards - GHO Borrow Rate Update

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# Summary

This publication proposes reducing the GHO Borrow Rate by 1.00% on Core and is to be implemented by the GHO Stewards.

# Motivation

The below provides insights into GHO's recent performance.

Since the last update, market conditions have been declining, with funding rates dropping further. This decline has had a ripple effect on the lending market, where borrowing rates have decreased across the board.

Despite these pressures, GHO has demonstrated resilience, maintaining its strong peg and stable circulating supply. In light of this stability, GHO stewards are advocating for a 1.00% reduction in GHO's borrowing rate. This move is expected to maintain GHO's position relative to USDC and USDT.

Meanwhile, stkGHO has maintained its steady growth trajectory since the last update three days ago, with an increase of 3.4M, bringing the total from 101.7M to 105.1M. This growth continues to be driven primarily by the Spectra pools.

The total AUM in DEX liquidity pools has remained relatively steady since the last update, edging up slightly from \$32.5M to \$32.8M.

Notably, the Maverick pool, which serves as a buy wall for GHO, currently contains 2.54M USDC, or 69% of the pools liquidity.

Finally, the USDT GSM currently operating at 50% utilization of the exposure cap, while the USDC GSM remains unused.

# Recommendation

Since the last update, we've seen significant inflows into stkGHO, accompanied by encouraging signs of a strong peg. These include the rebalancing of the Maverick pool and increased inflows into the USDT GSM.

In response to the broader market conditions and the decline in borrowing rates, this publication proposes a 1.00% reduction in the GHO Borrow Rate on Aave's Core instance. This adjustment is designed to maintain GHO Borrow Rate relative to USDC and USDT.

# Specification

The GHO borrow rate is to be revised as follows:

Description

Current

Proposed

Change

Borrow Rate

11.50%

10.50%

-1.00%

This proposal is to be implemented by the GHO Stewards.

# Disclosure

TokenLogic does not receive any payment for this proposal.

## Next Steps

The GHO Stewards will implement this proposal.

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