Summary

A proposal to increase the borrow cap for LUSD and rETH on Aave V3 Ethereum.

Motivation

rETH

The borrow cap for rETH on Ethereum is currently at a ~98% utilization.

We recommend increasing the cap from 4.8K to 9.6K

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LUSD

The borrow cap for LUSD on Ethereum is currently at a ~77% utilization.

We recommend increasing the cap from 4M to 8M

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Specification

Chain

Asset

Current Supply Cap

Recommended Supply Cap

Current Borrow Cap

Recommended Borrow Cap

Ethereum

rETH

60,000

No Change

4,800

9,600

Ethereum

LUSD

12,000,000

No Change

4,000,000

8,000,000

Next Steps

Once we receive feedback from @Gauntlet on the above recommendations, we will be able to move forward to implement these updates via the Risk Steward process.