Summary

A proposal to update GNO's liquidation threshold, LTV, and debt ceiling on V3 Gnosis.

Motivation

GNO has an average market cap of $445M and a daily trading volume of $3M over the last 180 days.

Over this same timeframe, the largest single-day drop was 9.11%, with a daily annualized volatility of 63.75% and a 30-day daily annualized volatility of 94.46%.

Positions Analysis

There is currently one major user utilizing GNO as collateral on V3 Ethereum, borrowing ~$845 in USDC and WXDAI against his 18K GNO collateral, accounting for over 84% of the debt ceiling. The user's current health score is 2.86.

[

Untitled - 2024-04-11T111352.887

2120×934 78.7 KB

](https://europe1.discourse-cdn.com/business20/uploads/aave/original/2X/5/5befe326508f8da5758d140200856e23a25819e9.png)

Liquidity

GNO liquidity has remained stable since March 1, with more liquidity when paired with WETH than USDC.

Recommendations

GNO is currently listed with relatively conservative parameters: 36% LT and 31% LTV. We recommend an increase to 50% and 45%, respectively. Following observations at these levels and utilizing our simulation platform, these parameters may be further optimized.

Given current market conditions and utilizing our Isolation Mode Methodology we recommend doubling the debt ceiling to $2M.

Specification

Asset

Parameter

Current

Recommended

GNO

LT

36.00%

50.00%

GNO

LTV

31.00%

45.00%

GNO

Debt Ceiling

$1,000,000

$2,000,000

Next Steps

We invite a community discussion around the proposed parameter updates and, barring community objection, will follow up with a Snapshot vote in five days.

Disclaimer

Chaos Labs has not been compensated by any third party for publishing this ARFC.

Copyright