

Summary of Events

On October 26th, between 9:15 AM and 10:15 AM UTC, a significant de-peg of GHO occurred, dropping its price from \$0.962 to \$0.946. This event represents the most substantial de-pegging observed since the token's inception. The decline is attributed to a liquidity drain from the main pool, Uni V3 GHO/USDC. Although prices have since rebounded, the issue of liquidity inadequacy necessitates careful consideration.

Price Analysis

At 9:15 AM UTC, the GHO token encountered an abrupt price decline, reaching a low of \$0.946. Subsequently, it has rebounded to its pre-drop price level.

Since its inception, GHO has generally traded below its peg, though consistently above \$0.96. The recent price dip has led to an unprecedented low for GHO, well below its previous trading levels.

Liquidity Analysis

The primary liquidity pools for GHO are Uniswap V3 and Balancer. However, due to the pool's composition on Balancer compared to the higher liquidity concentration on Uni V3, the primary source of liquidity has been the Uniswap pool.

Balancer pool composition

Uniswap GHO/USDC pool liquidity concentration on 26.10

Until September 23rd, over \$2.7 million worth of USDC tokens were locked in the GHO/USDC pool. However, in the subsequent two weeks (between September 23rd and October 6th), approximately \$2.5 million in USDC tokens were withdrawn from the pool, primarily through a combination of liquidity removal from LP positions and GHO-to-USDC swaps. This trend of decreasing liquidity persisted over the following weeks, and by October 17th, it had fallen below 100,000 USDC. This period was marked by heightened price volatility, culminating in today's significant price drop.

Uniswap V3 GHO/USDC pool

Conclusion

The consistent withdrawal of USDC from the Uniswap V3 pool has led to a significant decline in GHO's price, reaching its lowest point since its inception. Maintaining a stable peg is critical for accepting stablecoins, so we want to emphasize to the Aave community that the current liquidity levels may jeopardize GHO's stability. We will collaborate with community members to propose proactive measures to enhance liquidity, reinforcing GHO's peg and instilling confidence in its widespread adoption. This concerted effort will contribute to the steadfastness and trustworthiness of the GHO peg.