

Summary

A proposal to:

- Increase sUSDe's supply cap on Aave V3's Ethereum - Main instance

sUSDe (Ethereum-Main)

sUSDe has reached 100% supply cap utilization on the Ethereum Main instance.

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Supply Distribution

The supply of sUSDe on Ethereum is well distributed, with the largest supplier accounting for 22% of the total supply. The majority of the top positions borrow a varied list of stablecoins such as USDC, USDS, and USDT. This is likely in order to mitigate interest rate spikes of a single stablecoin asset. All of the positions maintain a safe health score given the high correlation between the borrow and collateral assets. None of the top positions pose a liquidation risk.

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Overall, the assets borrowed against sUSDe show a similar distribution to the top positions, with USDC and USDS representing 37% and 22% of the borrowed value, respectively, and USDT representing 22%. GHO represents a smaller share of 1.6%. This low GHO usage is likely caused by the Ethereum facilitator cap being reached.

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Liquidity

DEX liquidity between sUSDe and USDC on Ethereum kept increasing over the month of November, stabilizing around \$25M, supporting an increase in supply cap.

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Recommendation

Given user behavior and on-chain liquidity, we recommend increasing the supply cap to 750,000,000 sUSDe. This increase is backed by [Chaos Labs' risk simulations](#), which consider user behavior, on-chain liquidity, and price impact, ensuring that the higher cap does not introduce additional risk to the platform.

Specification

Chain

Instance

Asset

Current Supply Cap

Recommended Supply Cap

Current Borrow Cap

Recommended Borrow Cap

Ethereum

Main

sUSDe

512,000,000

750,000,000

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Next Steps

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

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