Per Gauntlet's supply and borrow caps [methodology,](methodology) we recommend the following cap increases:

Chain	Asset	Current Supply Cap	Recommended Supply Cap	Current Borrow Cap	Recommended Borrow Cap
Metis	m.USDC	6,000,000	8,000,000	4,000,000	7,200,000
Metis	m.USDT	5,000,000	6,500,000	4,000,000	5,900,000
Metis	METIS	360,000	400,000	32,000	No Change

Motivation:

Gauntlet proposes to increase supply/borrow caps for the assets in order to meet the increasing demand and address the full utilization of stablcoins m.USDC and m.USDT. This recommendation is based on an analysis of on-chain liquidity and user positions, aiming to enhance capital efficiency without introducing excessive risks to the protocol.

Specifications

The recent surge in Total Value Locked (TVL) on the Metis platform can be attributed to the substantial price appreciation of the Metis token. It's worth noting that this significant price increase hasn't influenced our recommendation to raise the caps.

Metis Chain TVL

As depicted in the charts below, top asset suppliers on Metis employ highly recursive positions. The incentives within the Metis market are promoting high usage and recursive strategies to obtain high yield. As such, these highly recursive positions create limited risk exposure to the protocol in the event of market risk event.

Top Suppliers of m.USDC

Top Suppliers of m.USDT

Current Incentives within the markets

Metis Supply Cap Usage

[Link](#) to chart

The asset Metis has a suppy cap usage above 75%. Since the asset does not have collateral enabled and the borrow cap is set at a relatively low 32k, Gauntlet recommends increasing the supply cap.

With an on-chain circulating supply of 20 million for USDC and 16.3 million for USDT, our recommendation to raise their caps is substantiated by both the substantial on-chain circulation of these stablecoins and the recursive composition of large positions.

m.USDC Cap Usage

[Link](#) to chart

m.USDT Cap Usage

[Link](#) to chart

Next Steps

Once we receive feedback from [@ChaosLabs](#) on the above recommendations, we will move forward with Risk Steward actions or Governance.

Current Incentives within the markets

Metis Supply Cap Usage

[Link](#) to chart