

title: [ARFC] TokenLogic GHO Stewards - GHO Borrow Rate Update

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Summary

This publication proposes reducing the GHO Borrow Rate by 1.00% on Core and is to be implemented by the GHO Stewards.

Motivation

The below provides insights into GHO's recent performance.

Since last week's TokenLogic update on the GHO Borrow Rate, the GHO supply has increased by 1M. This suggests that we are nearing a point where demand for borrowing GHO is starting to rebound. However, we've also observed a decline in borrowing rates for other stablecoins, driven by the slowdown in sUSDe APR and reduced looping demand. This is why GHO stewards will lower GHO's borrow rate by 1%, aiming to align its 7-day moving average with the USDC borrow rate, while USDT remains slightly below.

Meanwhile, stkGHO experienced steady growth over the past week, increasing by 3.8M—from 97.9M to 101.7M. This growth is largely attributed to the Spectra pools, which have proven to be a good liquidity sink for stkGHO.

The total AUM in DEX liquidity pools has remained relatively stable since December 26th, going from \$32.4M to \$32.3M.

However, the composition of the Balancer 3pool has shifted a bit, with GHO's share increasing from 47.6% to 55.4% between December 26th and January 6th.

Finally, the USDT GSM continues its steady growth, increasing from 3.2M to 3.9M and reaching 50% of its total capacity.

Recommendation

Since last week's update, we've observed consistent inflows into stkGHO and a slight increase in GHO's circulating supply.

However, with the broader market slowing down and borrowing rates declining, we propose an additional 1.00% reduction in the GHO Borrow Rate on Aave's Core instance. This adjustment aims to align GHO's rate with those of other stablecoins in the market, setting the stage for continued growth through enhanced integrations for both GHO and stkGHO.

This proposal is supported by the GHO Stewards.

Specification

The GHO borrow rate is to be revised as follows:

Description

Current

Proposed

Change

Borrow Rate

12.50%

11.50%

-1.00%

This proposal is to be implemented by the GHO Stewards.

Disclosure

TokenLogic does not receive any payment for this proposal.

Next Steps

The GHO Stewards will implement this proposal.

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