

Overview

In light of recent market changes, Chaos Labs recommends decreasing the Slope 1 parameter for stablecoins by 0.5 percentage points. These changes will be implemented through the risk steward process.

Motivation

The utilization for stablecoins across Aave has continued to fall in recent weeks as the market has cooled off and speculative activity has decreased. The chart below shows the median stablecoin utilization on each Aave V3 instance, with each line weighted according to the total stablecoin borrow on that deployment.

[

image (1)

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](https://europe1.discourse-cdn.com/flex013/uploads/aave/original/2X/4/425d1819cbe1af23a673529b427b8833ad573c6a.png)

On Ethereum Core, the instance with the most stablecoin borrowing, this has been clearly displayed in the USDC and USDT markets, which have both dipped below 80% utilization.

[

image (2)

1588×1092 98 KB

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On Arbitrum, utilization of USDC and USDT has been volatile but well below UOptimal, further indicating that it is appropriate to decrease Slope 1.

[

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As a result, we recommend decreasing the Slope 1 for all stablecoins on Aave V3 by 50 bps. The exception to this is AUD; its Slope 1 is currently lower than the target, and thus we recommend increasing its Slope 1 by 50 bps. Additionally, in the USDS (Ethereum Core) and GHO (Ethereum Prime) markets we recommend adjusting the Base rate rather than Slope 1 given their unique IR curves.

Specification

Protocol

Instance

Asset

Current Slope1

Rec. Slope1

Current Base

Rec. Base

Aave V3

Ethereum Core

USDC

12.00%

11.50%

-

-

Aave V3

Ethereum Core

DAI

12.00%

11.50%

-

-

Aave V3

Ethereum Core

USDT

12.00%

11.50%

-

-

Aave V3

Ethereum Core

LUSD

12.00%

11.50%

-

-

Aave V3

Ethereum Core

FRAX

12.00%

11.50%

-

-

Aave V3

Ethereum Core

crvUSD

12.00%

11.50%

-

-

Aave V3

Ethereum Core

PYUSD

12.00%

11.50%

-

-

Aave V3

Ethereum Core

USDe

12.00%

11.50%

-

-

Aave V3

Ethereum Core

USDS

0.75%

-

11.75%

11.25%

Aave V3

Ethereum Prime

USDS

11.25%

10.75%

0.75%

-

Aave V3

Ethereum Prime

USDC

12.00%

11.50%

-

-

Aave V3
Ethereum Prime
GHO
2.50%

-
8.50%
8.00%

Aave V3
Ethereum EtherFi
USDC
12.50%
12.00%

-
-

Aave V3
Ethereum EtherFi
FRAX
12.50%
12.00%

-
-

Aave V3
Optimism
DAI
12.00%
11.50%

-
-

Aave V3
Optimism
USDC.e
13.00%
12.50%

-
-

Aave V3
Optimism

USDT

12.00%

11.50%

-

-

Aave V3

Optimism

sUSD

12.00%

11.50%

-

-

Aave V3

Optimism

LUSD

12.00%

11.50%

-

-

Aave V3

Optimism

USDC

12.00%

11.50%

-

-

Aave V3

Arbitrum

DAI

12.00%

11.50%

-

-

Aave V3

Arbitrum

USDC.e

13.00%

12.50%

-

-

Aave V3

Arbitrum

USDT

12.00%

11.50%

-

-

Aave V3

Arbitrum

LUSD

12.00%

11.50%

-

-

Aave V3

Arbitrum

USDC

12.00%

11.50%

-

-

Aave V3

Arbitrum

FRAX

12.00%

11.50%

-

-

Aave V3

Arbitrum

GHO

12.50%

12.00%

-

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Aave V3

Optimism

DAI

12.00%

11.50%

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Aave V3

Optimism

USDC.e

13.00%

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Aave V3

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Aave V3

Optimism

sUSD

12.00%

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Aave V3

Optimism

LUSD

12.00%

11.50%

-

-

Aave V3

Optimism

USDC

12.00%

11.50%

-

-

Aave V3

Polygon

DAI

12.00%

11.50%

-

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Aave V3

Polygon

USDC.e

13.00%

12.50%

-

-

Aave V3

Polygon

USDT

12.00%

11.50%

-

-

Aave V3

Polygon

EURS

12.00%

11.50%

-

-

Aave V3

Polygon

USDC

12.00%

11.50%

-

-

Aave V3

Base

USDbC

13.00%

12.50%

-

-

Aave V3

Base

USDC

12.00%

11.50%

-

-

Aave V3

Metis

m.DAI

12.50%

12.00%

-

-

Aave V3

Metis

m.USDC

12.50%

12.00%

-

-

Aave V3

Metis

m.USDT

12.50%

12.00%

-

-

Aave V3

Avalanche

DAI.e

12.00%

11.50%

-

-

Aave V3

Avalanche

USDC

12.00%

11.50%

-

-

Aave V3

Avalanche

USDt

12.00%

11.50%

-

-

Aave V3

Avalanche

FRAX

12.00%

11.50%

-

-

Aave V3

Avalanche

AUSD

5.50%

6.00%

-

-

Aave V3

Gnosis

WXDAI

12.00%

11.50%

-

-

Aave V3

Gnosis

EURe

12.00%

11.50%

-

-

Aave V3

Gnosis

USDC.e

12.50%

12.00%

-

-

Aave V3

BNB

USDC

12.00%

11.50%

-

-

Aave V3

BNB

USDT

12.00%

11.50%

-

-

Aave V3

BNB

FDUSD

12.00%

11.50%

-

-

Aave V3

Scroll

USDC

12.00%

11.50%

-

-

Aave V3

ZkSync

USDC

12.00%

11.50%

-

-

Aave V3

ZkSync

USDT

12.00%

11.50%

-

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Next Steps

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

Disclosure

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

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