

Summary

Aave v3 Metis platform, currently operates with a Supply Cap of 1,200 WETH units. In response to liquidity demands and market conditions, a proposal is outlined to increase the Supply Cap to 2,050 WETH units. This adjustment aims to optimize utilization rates and fortify market resilience within the Metis ecosystem.

Abstract

Metis, has observed significant liquidity dynamics, particularly in stablecoin borrowing activities. Presently maintaining a Supply Cap set at 1,200 ETH units, Metis faces the imperative to adapt to escalating liquidity demands and ensure stable market dynamics. In response, a proposal is presented to elevate the Supply Cap to 2,050 ETH units. This strategic adjustment is deemed essential to accommodate the anticipated influx of assets and optimize utilization rates within the ecosystem.

Motivation

The rationale behind the proposed elevation of the Supply Cap for Metis is deeply rooted in observed liquidity trends and borrowing patterns within the ecosystem. With approximately \$1,250,000 in available liquidity earmarked for stablecoin borrowing, it is projected that an infusion of \$2,500,000 worth of ETH collateral is necessary to optimize utilization rates. Additionally, an extra \$500,000 infusion is indispensable to forge a resilient market terrain capable of exceeding optimal utilization thresholds. Given that ETH remains the exclusive collateral option on Metis, the proposed expansion to 2,050 ETH units equates to integrating an additional 850 ETH. This strategic maneuver not only addresses immediate liquidity demands but also underscores Metis' commitment to nurturing a thriving and adaptive DeFi ecosystem.

Specification

The following risk parameters have been proposed by 2TheMoon for the community to review and discuss in the comments section.

Ticker: WETH

Contract: [Metis: 0x8acAe35059C9aE27709028fF6689386a44c09f3a

](<https://andromeda-explorer.metis.io/address/0x8acAe35059C9aE27709028fF6689386a44c09f3a>)

Parameter

Current Value

Proposed Value

SupplyCap

1,200 units

2,050 units