

Summary

A proposal to increase the supply and borrow cap for WETH and supply cap for METIS on Aave V3 Metis.

Motivation

The supply and borrow cap for WETH have reached 70% and 90% utilization, respectively, and METIS supply cap has reached 100% utilization on the V3 Metis deployment.

As the Metis deployment is relatively new with limited historical data and usage, we do not utilize our stress testing methodology for this set of recommendations. Instead, we utilized our previous supply cap methodology, which can be found [here](#).

WETH

Despite this methodology being more conservative, it still permits the increase of the supply cap in light of the current DEX liquidity for WETH, which has seen growth since Aave's initial launch on Metis, including the added liquidity in the [Maia Uni V3](#) pools.

Given the current utilization of the caps and available liquidity, we recommend increasing both the supply and borrow caps by 1.5X to 300 WETH and 90 WETH, respectively.

We would like to point out that currently, there is only one [account](#) supplying 41% of the WETH to borrow USDT and USDC, with its current health factor at 1.09. We will continue monitoring usage patterns following the coming cap increase.

METIS

For Metis, as it is a non-collateral asset, we recommend increasing the supply cap by 2X to 60,000.

Specification

Chain

Asset

Current Supply Cap

Recommended Supply Cap

Current Borrow Cap

Recommended Borrow Cap

Metis

WETH

200

300

60

90

Metis

METIS

30,000

60,000

4,000

No Change

Next Steps

Once we receive feedback from [@Gauntlet](#) on the above recommendations, we will be able to move forward to implement these updates via the Risk Steward process.