

title: [ARFC] TokenLogic GHO Stewards - GHO Borrow Cap Update 01/22

author: [@TokenLogic](#)

created: 2024-01-22

Summary

This publication proposes increasing the GHO Borrow Cap by 5M on Core going from 155M to 160M and is to be implemented by the GHO Stewards.

Motivation

The GHO demand has been growing steadily due to several key factors lately. First, the borrow cap on Core V3 has been reached, showcasing great interest for GHO. Second, the recent expansion of the USDT GSM significantly contributed to supply growth, with 10.9M GHO issued from it and 1.5M GHO from the USDC GSM.

With strong market demand for GHO and its borrow rate remaining competitive with other stablecoins on Core, now is the ideal time to reopen Borrow caps.

Moreover, the GSMs and strategic rebalancing in Maverick pools have reinforced a solid peg, supported by a 15.8M GHO buy wall across GSM and Maverick pools—representing 10% of the Core Borrow cap. This robust backing signals a favorable environment for increasing the cap further.

It is worth noting that another strong driver of GHO’s growth has been stkGHO, which has fueled significant adoption. Its supply has now reached 120M, representing 69% of the total GHO supply and nearing an all-time high.

Recommendation

Given the favorable market conditions, an increase in the GHO Borrow cap on Core is well-supported.

We propose a 5M increase, backed by the strong peg, as evidenced by the Maverick pool composition and the size of the GSMs. This initial adjustment will serve as a market test, allowing us to gauge its impact before considering further expansion.

The GHO Stewards will continue to closely monitor market conditions to evaluate the need for future adjustments.

Specification

The GHO Borrow Cap is to be revised as follows:

Description

Current

Proposed

Change

Borrow Cap

155M

160M

+5M

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.

Copyright

Copyright and related rights waived via [CC0](#).