

Summary

A proposal to:

- Increase the weETH supply and borrow caps on Aave V3's Ethereum deployment.

weETH

Motivation

weETH has reached its supply and borrow caps on Ethereum.

Supply Distribution

Most of the top suppliers are borrowing WETH against weETH collateral, putting these positions at limited risk of liquidations, given the calculated oracle for weETH.

There is, however, a [user](#) supplying 2.05K weETH along with 309 WBTC, for an overall position of \$26.77M supplied and \$15.67M borrowed, giving a health score of 1.32. This position is at risk of liquidation should WBTC and/or weETH's price decline, though on-chain liquidity would support efficient liquidations.

Overall, WETH represents 92% of the value borrowed against weETH.

Borrow Distribution

The largest [borrower](#) is borrowing against WETH collateral, while the next two largest are borrowing against weETH itself, putting all of these positions at low risk of liquidation.

Recommendation

Given the coming vote to more aggressively increase caps, we recommend a 1.5x increase in supply can and 2x increase in borrow cap in this Risk Steward transaction.

Specification

Chain

Asset

Current Supply Cap

Recommended Supply Cap

Current Borrow Cap

Recommended Borrow Cap

Ethereum

weETH

32,000

48,000

1,600

3,200

Next Steps

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

For transparency, the risk steward transaction will be executed at 5pm GMT

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