Summary

A proposal to increase the following caps on V3 Scroll:

- USDC - Supply and Borrow cap

- WETH - Supply Cap

Motivation

The supply cap for WETH and borrow cap for USDC on V3 Scroll are both currently at 100% utilization. The USDC supply cap is currently at 75% utilization.

As the Scroll deployment only recently launched and has limited historical data and usage, we do not utilize our stress testing methodology for this set of recommendations. Instead, we utilized our previous interim supply cap methodology, which can be found here.

Given the current usage across the deployment and liquidity on Scroll, we support doubling the WETH supply cap and the USDC Supply and Borrow cap.

User Analysis

WETH Supply Cap and USDC Borrow Cap

The majority of USDC debt is collateralized by WETH and wstETH. Concurrently, about 23% of all supplied WETH is being utilized as collateral to borrow USDC.

USDC Supply Cap

Only 1.8% of supplied USDC is being utilized as collateral to borrow WETH or wstETH.

Considering the enhanced on-chain liquidity and the underutilization of USDC as collateral, we propose doubling all specified supply and borrow caps.

Specification

Next Steps

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

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