

ARC: Raise LTV and liquidation threshold for AVAX on Aave V3 markets on Avalanche

AVAX has been live on Aave V2 since October 2021, and live on Aave v3 since inception on March 13. Currently, AVAX is the most utilized non-stablecoin asset on Aave V3 on Avalanche. This proposal aims to increase capital efficiency for the market by increasing LTV to 70% and Liquidation threshold to 75%.

The table below shows the current relevant metrics for non-stablecoin assets and proposed changes to AVAX market:

Asset

Total Supply

Total Borrow

Utilization

LTV

Proposed LTV

Liquidation Threshold

Proposed Liquidation Threshold

AVAX

\$91.9M

\$32.2M

35.0%

65%

70%

70%

75%

WETH

\$129.5M

\$8.8M

6.8%

80%

No change

82.5%

No change

WBTC

\$83.7M

\$3.8M

4.6%

70%

No change

75%

No change

LINK

\$8.4M

\$520K

6.2%

50%

No change

65%

No change

sAVAX

\$11.3M

\$0

0%

20%

No change

30%

No change

AAVE

\$400k

\$0

0%

60%

No change

70%

No change

Current AVAX Market Data:

Holders

3.0M

Market Cap

\$6.3B

Transactions

227M

Avg. Volume 1 month

\$657M

Avg. Volume 3 month

\$540M

Holders are estimated by the [cumulative address count](#) on Avalanche Mainnet and transactions are based on [cumulative onchain transactions](#).

Market Cap is calculated using circulating supply.

Volume data is based on Coingecko's historical volume data.

Increasing the LTV of AVAX by 5% will increase the capital efficiency of the current AVAX market by about \$4.5M. This would bring the risk parameters for AVAX to be more in line with those of WETH and WBTC. Even without the increase, AVAX is the most utilized non-stablecoin asset on Avalanche Aave V3. Increasing the LTV and liquidation threshold will further contribute to a more active and efficient market on Avalanche.