Summary

A proposal to increase the borrow cap for WETH on Aave V3 Arbitrum:

Motivation

The borrow cap for WETH on Arbitrum is currently at a ~93% utilization, which we anticipate will be quickly filled following the <u>increase of the wstETH supply cap</u> by users borrowing the remaining WETH against it.

We recommend increasing the cap by 2X from 20,000 to 40,000, utilizing the Risk Steward process.

Specification

Chain

Asset

Current Supply Cap

Recommended Supply Cap

Current Borrow Cap

Recommended Borrow Cap

Arbitrum

WETH

70,000

No Change

20,000

40,000

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.