Stagnant Liquidity Problem

PACHIRA

Problem:

- How do we increase trading volume on stagnated liquidity in pool over some time interval t?

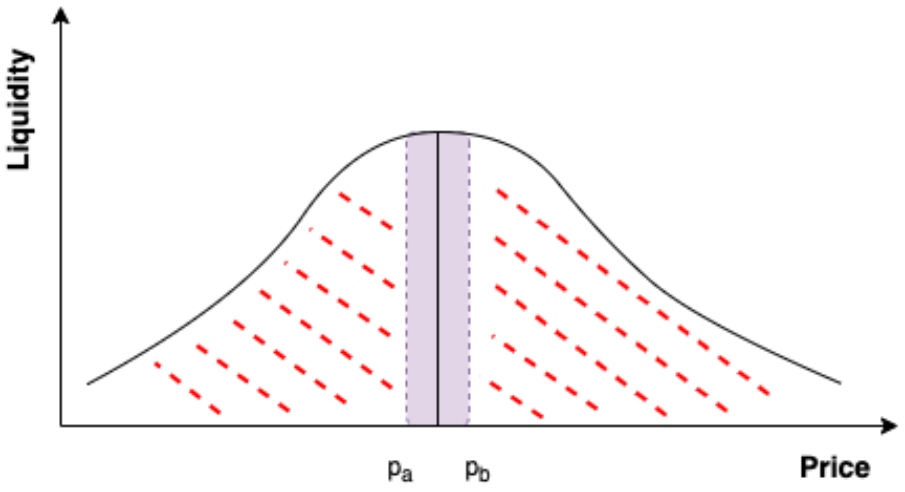

Figure: Liquidity Frequency Distribution

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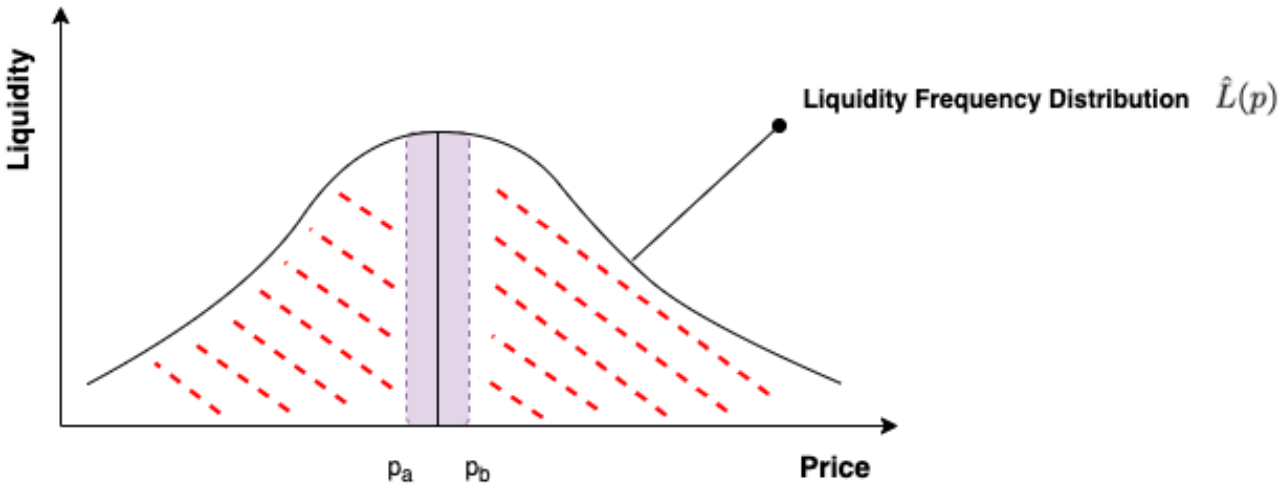

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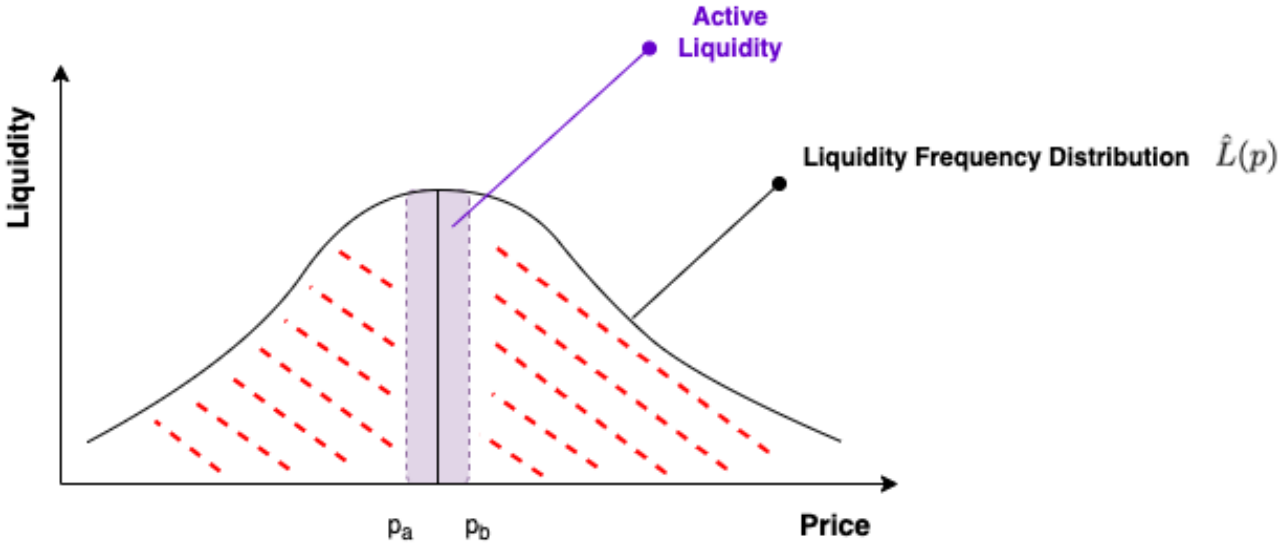

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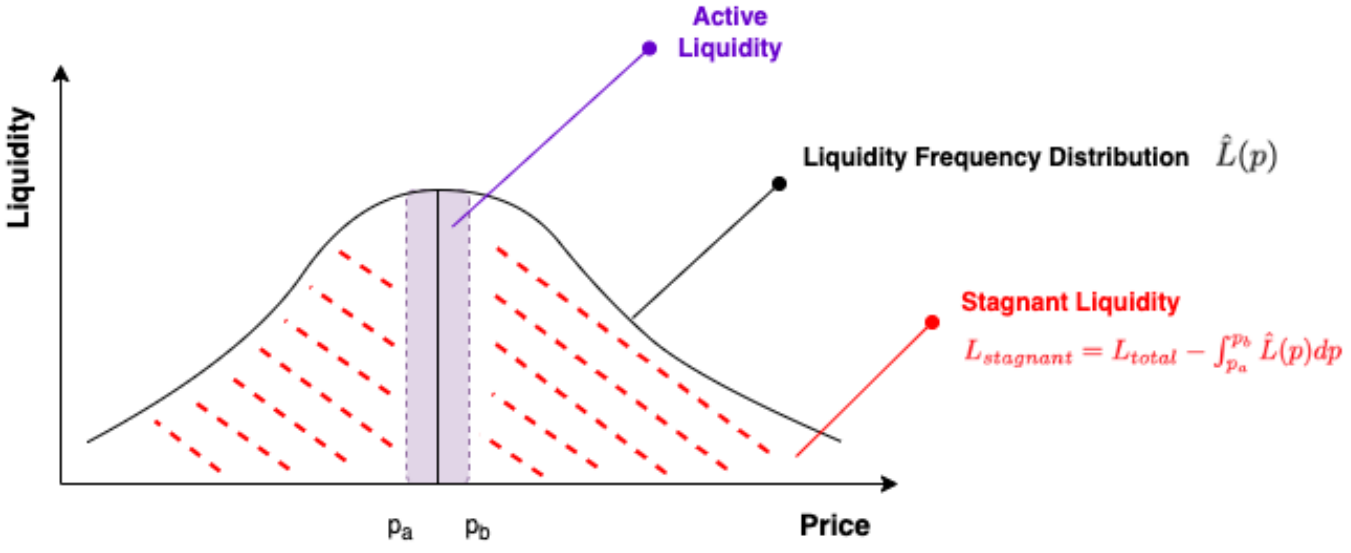

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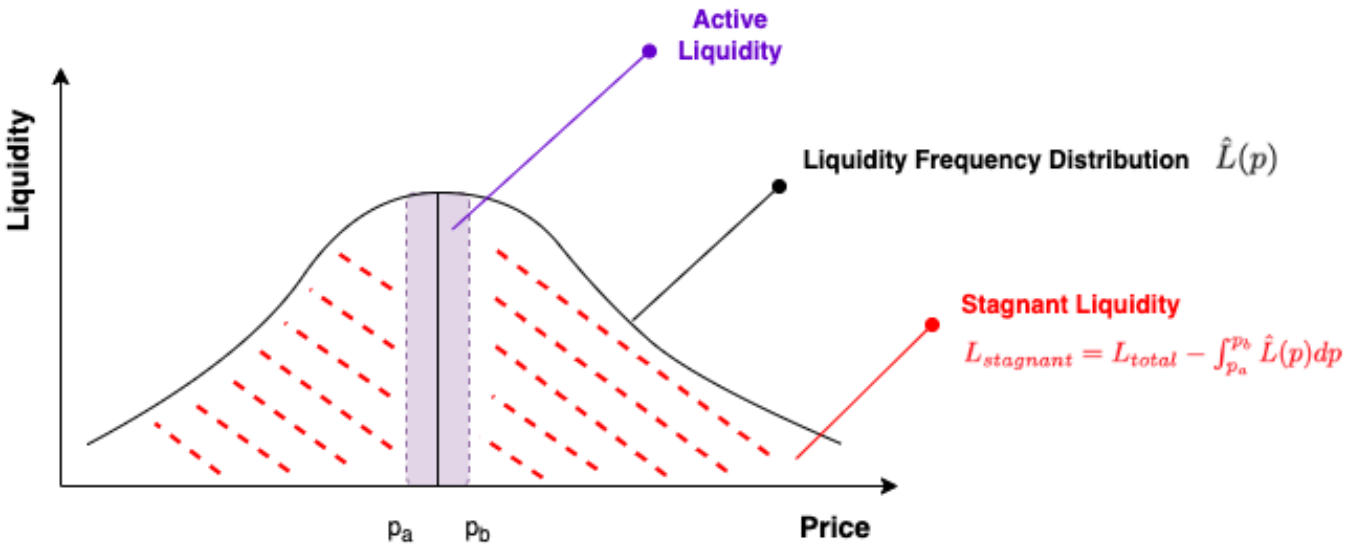

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We call this inefficiency the Stagnant Liquidity Problem

Solution: Liquidity Trees

Solution

- Instead of adjusting the price curve as individual LPs

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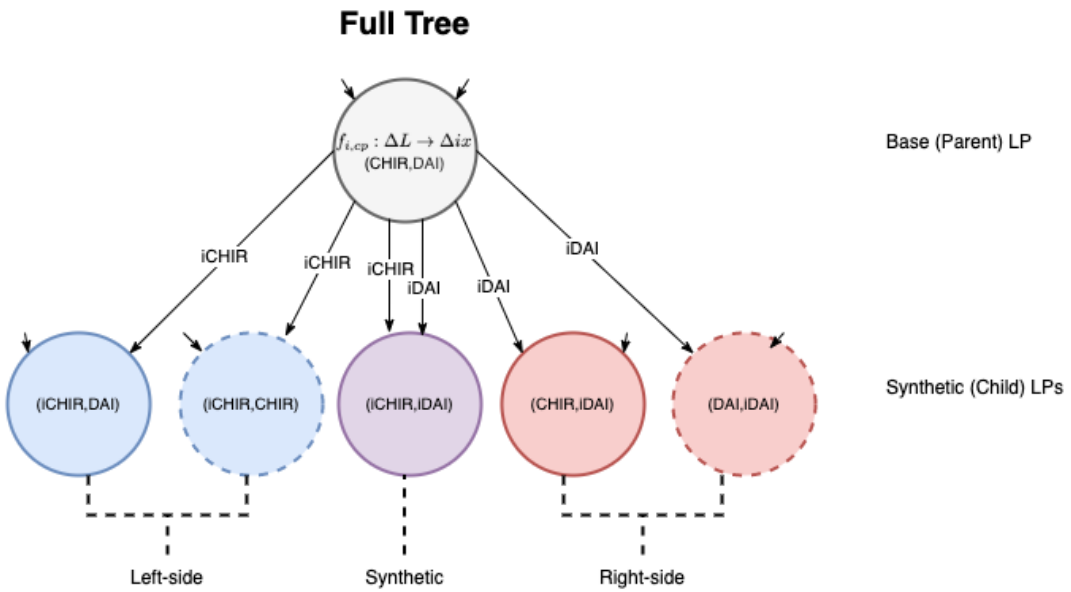

Figure: Full CPT liquidity tree represented as a computational tree structure comprised of left-sided, right-sided and synthetic pools

SUMMARY

ETHDENVER 2024:

- Defining the stagnant liquidity problem
- Addressing the problem using a new DeFi primitive, which we call Liquidity Trees
- Show simulations to support our reasoning
- Discuss how we will be integrating Liquidity Trees for the Pachira token launch ($CHIR)