

Olympus DAO



May 2022 Policy Report





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Olympus aims to become Web 3's premiere
decentralized reserve currency



Key Policy Notes

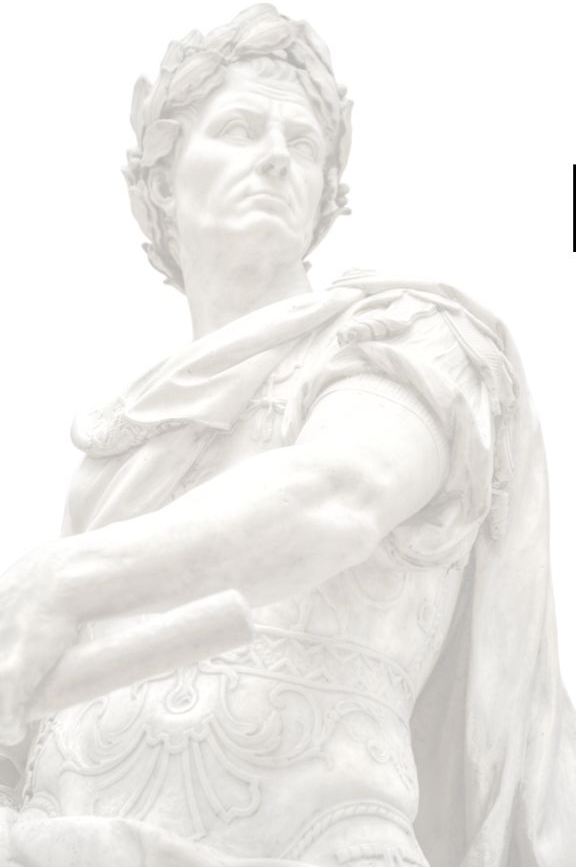
- Inverse bonds ran for the full month, and the Treasury removed 907,000 OHM from circulation. Inverse bonds efficiency has greatly increased following the program's launch in late April, as illustrated by their weighted average premium, now sitting close to 0.5%. Policy also estimates that 56% of inverse bonds capacity is filled by recyclers.
- FEI was introduced as a reserve asset in the Treasury through a \$50M swap from DAI. As per the agreement from OIP-92, Fei protocol will purchase \$10M worth of OHM to back their stablecoin.
- Olympus Treasury was also affected by the UST/LUNA incident earlier this month as it booked a loss of close to \$4.6M on its UST holdings. Fortunately, Olympus' exposure to UST was fairly limited as Policy ranked UST as a riskier asset compared to its peers. As for the \$10M DAI exploited on Fuse in April, Policy is expecting to vote in favor of the reimbursement of exploited funds, along with other large holders.
- OHM-ETH Curve pool now has a gauge which allows Olympus to earn additional rewards on top of trading fees. Since Treasury directed its vote-locked CVX governance power towards this pool, APR estimates have been around 100%.



Policy Outlook

- Continue to model & test the Ranged Stability system. In a joint effort with Data & Metrics team, Policy has been running large scale simulations with the goal of identifying conditions/parameters that could break the model. Analysis of the more than 86,000,000 simulated days are ongoing.
- Continue to refine inverse bonds framework to achieve goals set out in OIP-94. This allows Policy to follow well-defined set of rules when initializing new bonds markets and/or reacting to sharp market moves. Policy aims to make the inverse bonds program as consistent and predictable as possible.
- Evaluate the DEX landscape in research for the one that will offer the best combination of features needed to run operations once Ranged Stability is put in place. Automated rebalancing & mint & sync compatibility are some of the core features required.
- Continue to assess Treasury composition and specifically stablecoins reserve assets' preponderance. While, starting to decrease our reliance on stablecoins at current ETH prices could make sense in the longer term, Policy wants to ensure *OIP-94: Interim Ranged Stability Levers* gets executed as smoothly as possible and introducing more volatility into OHM's backing while inverse bonds are running adds more complexity.

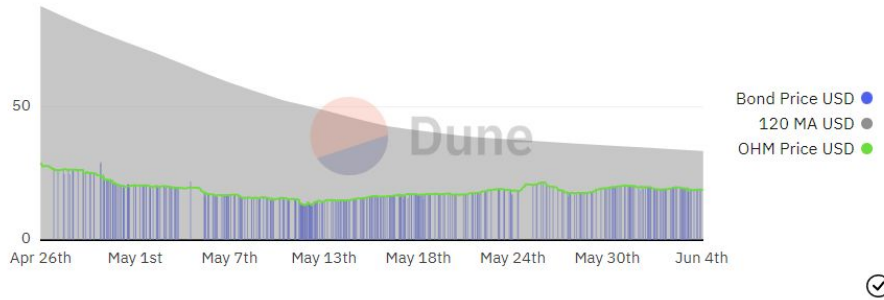




**The Treasury bought
back 907,000 OHM in
May 2022**

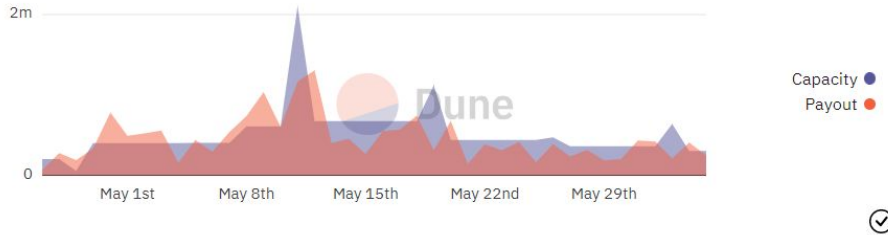
Inverse Bonds

OHM: Bond & Market Comparison Moving Averages and Purchases

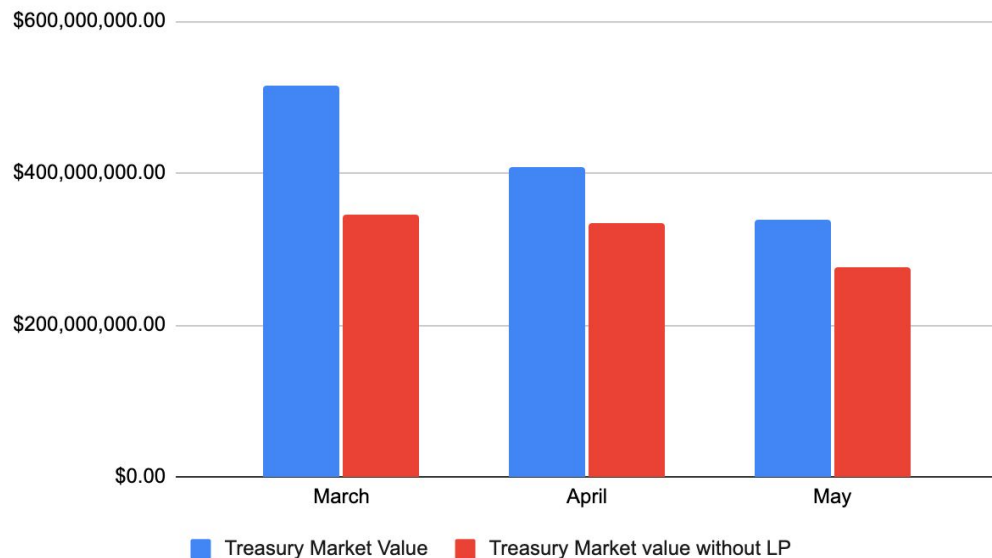


- Since launch in late April, the daily capacity of these bonds ranged from \$33K-1.98M per day. Bond capacities are adjusted as a reaction to multiple factors such as:
 - OHM liquid backing
 - Market activity
- As of June 6th, Treasury has utilized 19.4M worth of stablecoin reserves to buy back a total of 7837 gOHM for an average price of \$2470/gOHM.

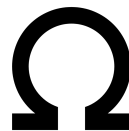
Capacity & Payout Daily Inverse Capacity



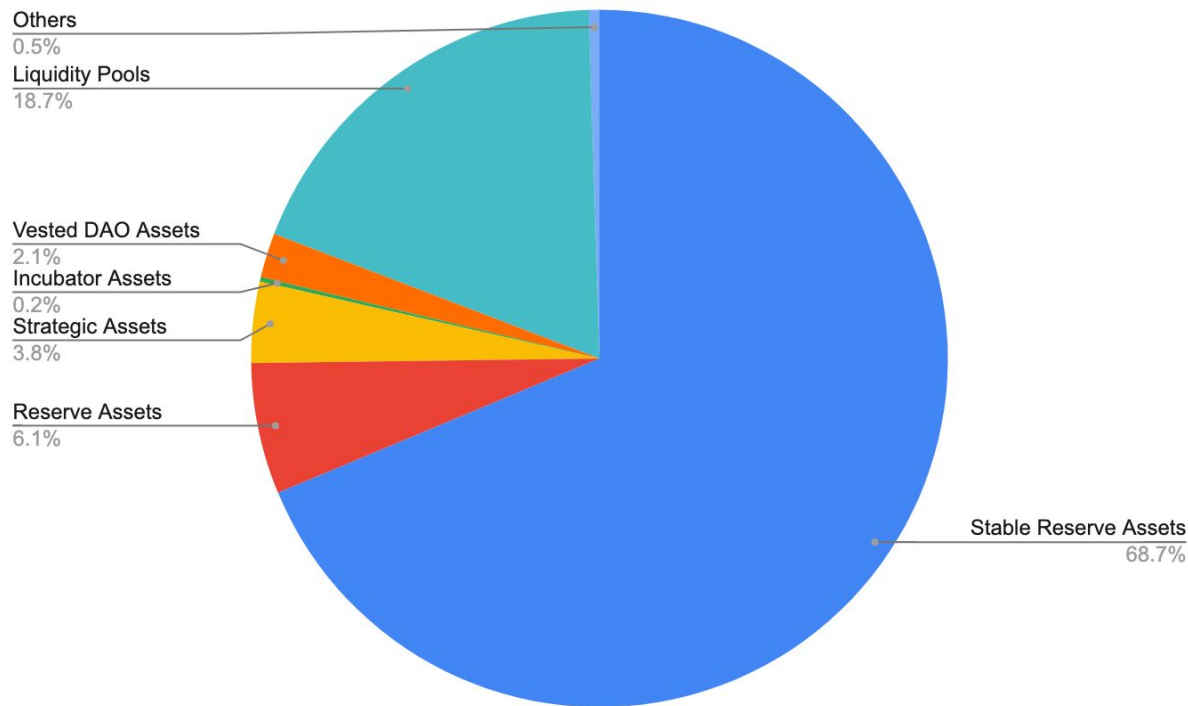
Olympus Treasury Assets



- Olympus Treasury ended May with \$340M worth of assets, resulting in a decline of 17% MoM.
- \$17M USD were used to buy back and remove 907,000 OHM from circulation as per OIP-94: Interim ranged stability levers.
- 4.6M UST held by the Treasury nearly lost all of their value following UST's depeg.



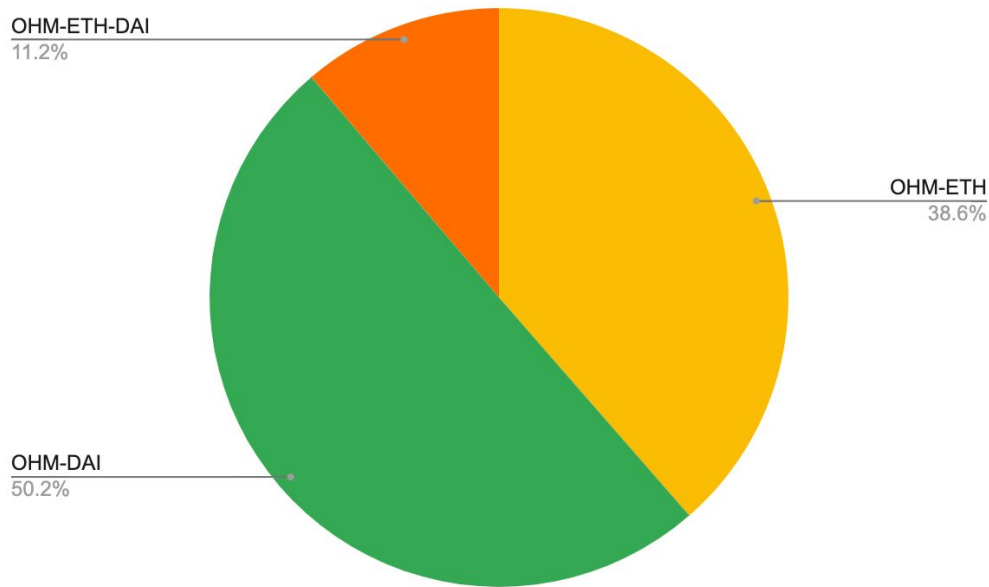
Olympus Treasury Composition



- Despite utilizing DAI to run inverse bonds, stable reserve assets make up an even bigger portion of the Treasury compared to last month (69% vs 62%).
- This illustrates Olympus Treasury's ability to weather adverse market conditions.



Olympus' Protocol-Owned Liquidity generated \$320K from trading fees in May



- OHM-DAI & OHM-ETH remain the main trading venues for OHM.
- OHM-ETH pool on curve is also generating additional returns through the \$CRV emissions directed towards it.
- Treasury is also looking to generate additional returns on its OHM-ETH-DAI Balancer pool.



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