Twitter Thread by jump_crypto

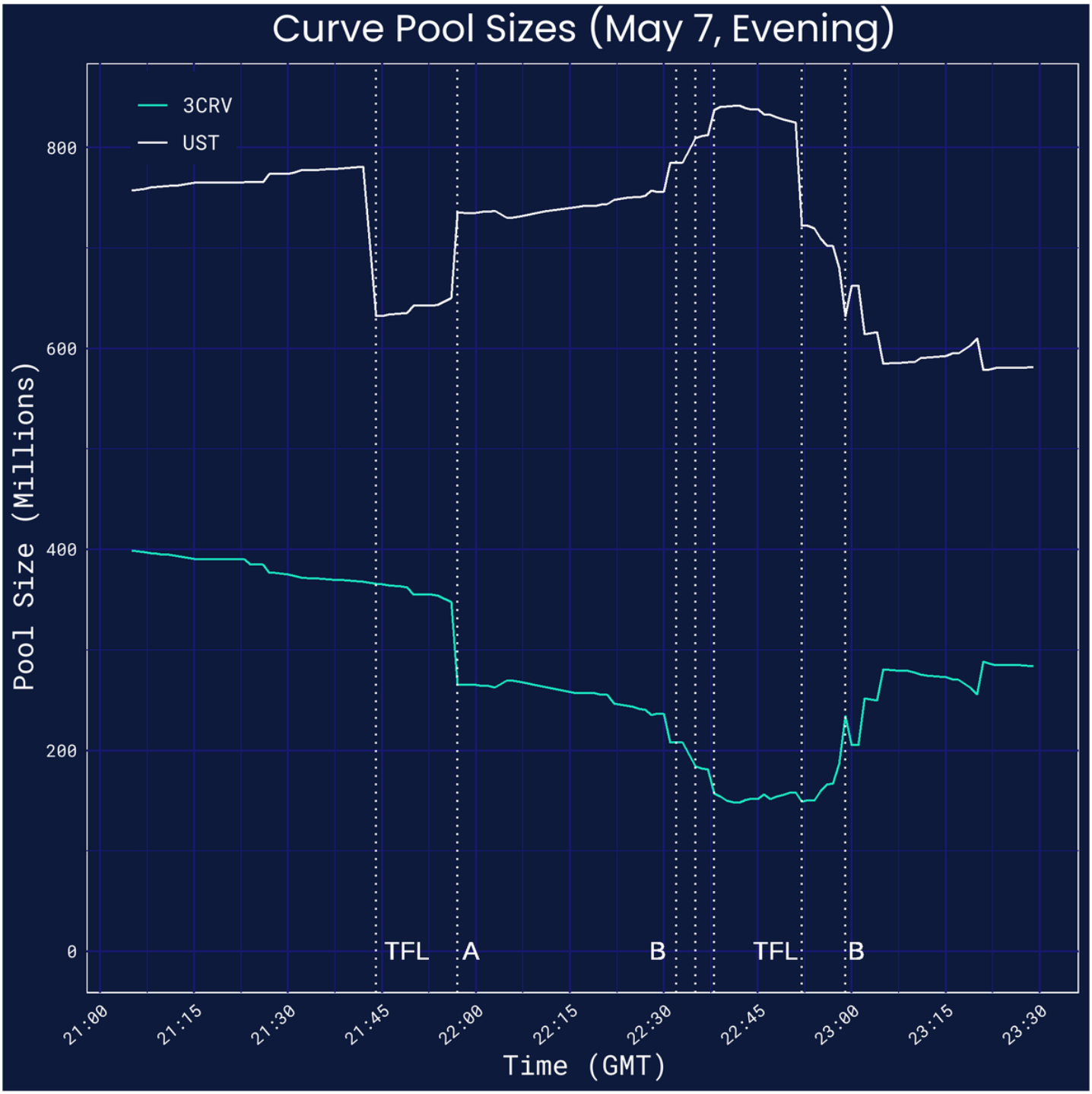
jump_crypto
@jump_

1/ Over the last few weeks, we at Jump Crypto have been studying the UST depegging and have three key observations.

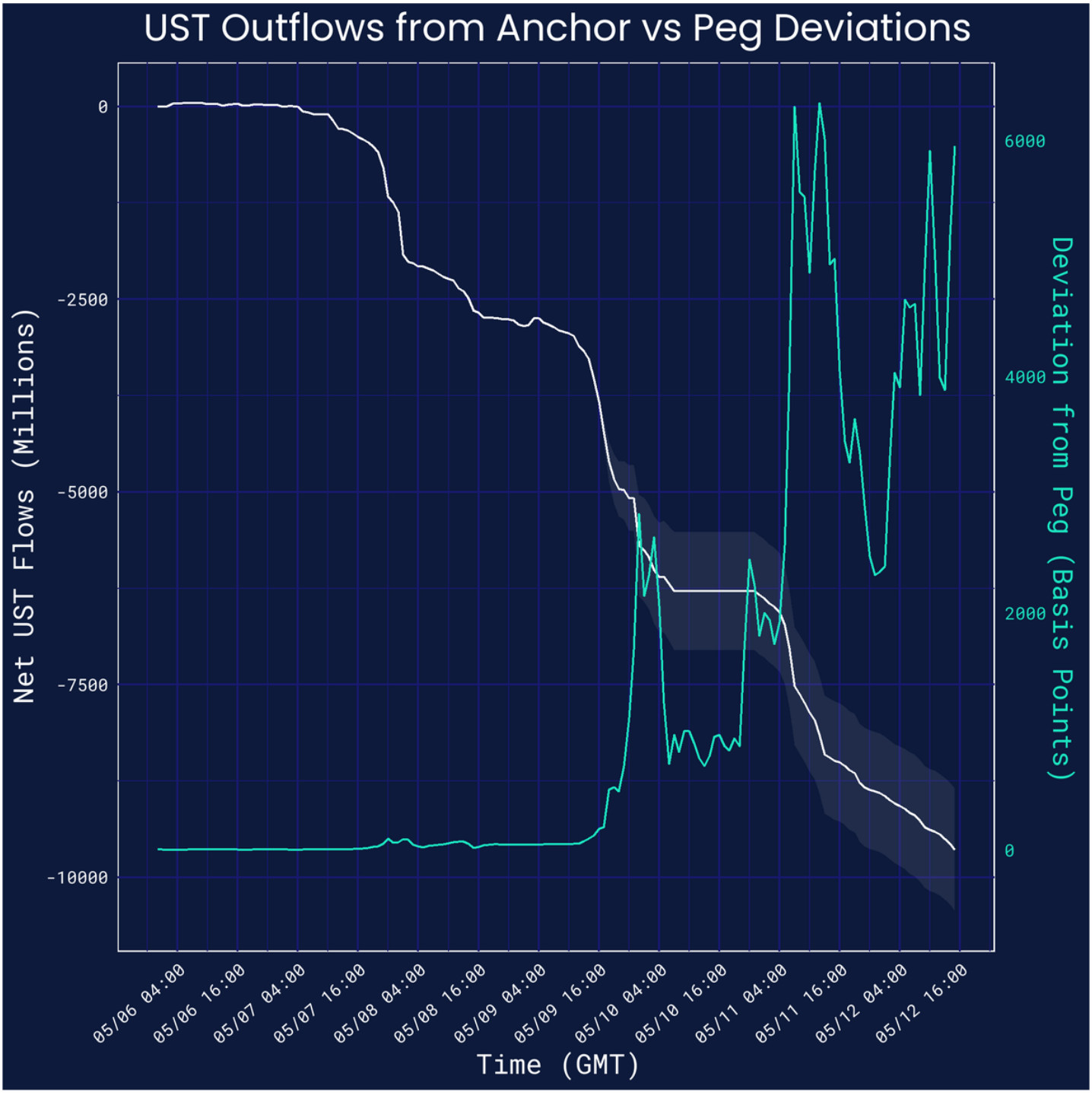


2/ First, the episode was triggered by a combination of trades in the UST/3CRV pool during a seventy-five minute window on Saturday, May 7.

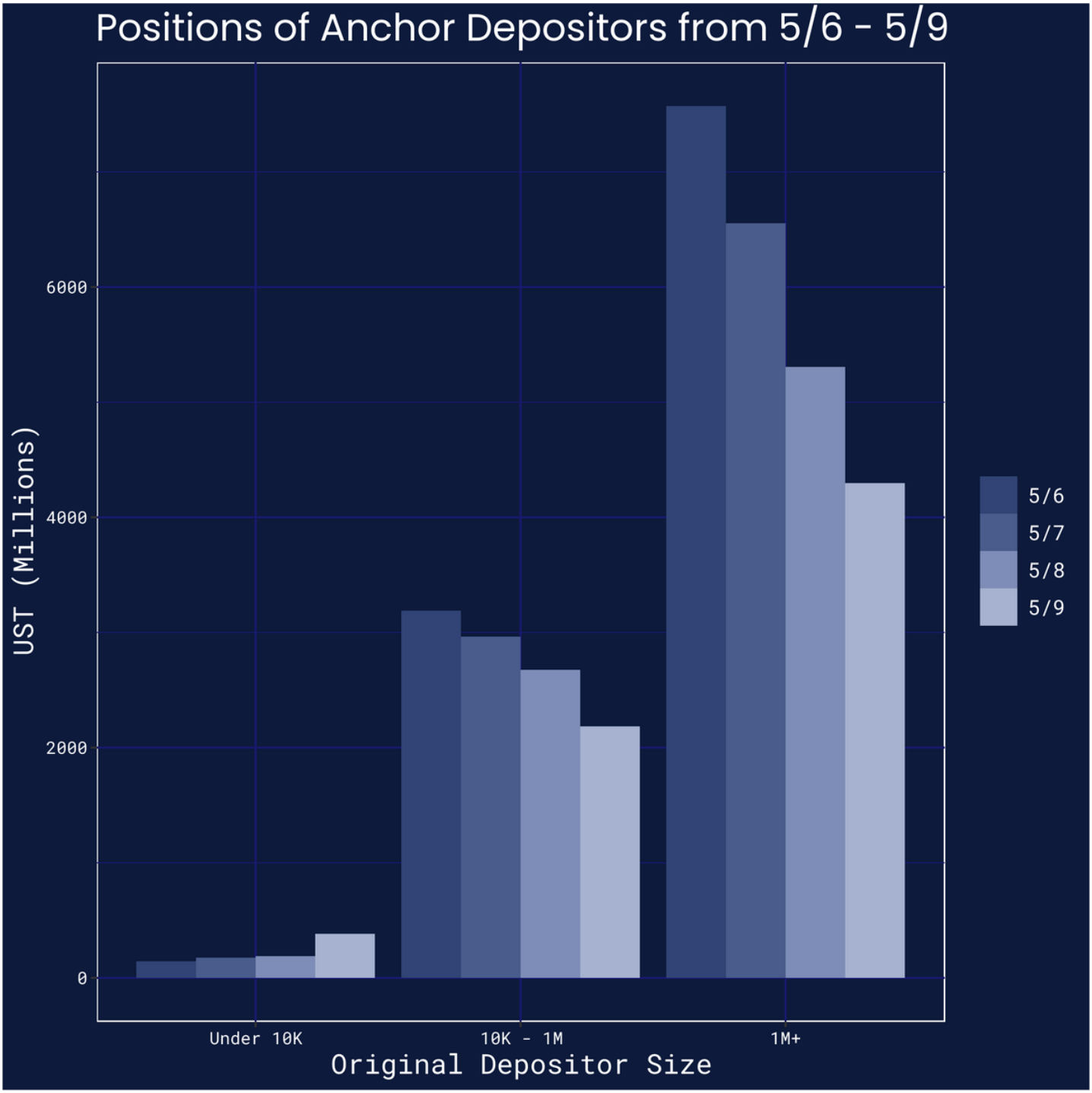
3/ These trades involved TFL withdrawing UST liquidity, and two wallets putting large UST sell orders through the pool, upsetting the pool's balance and depth.



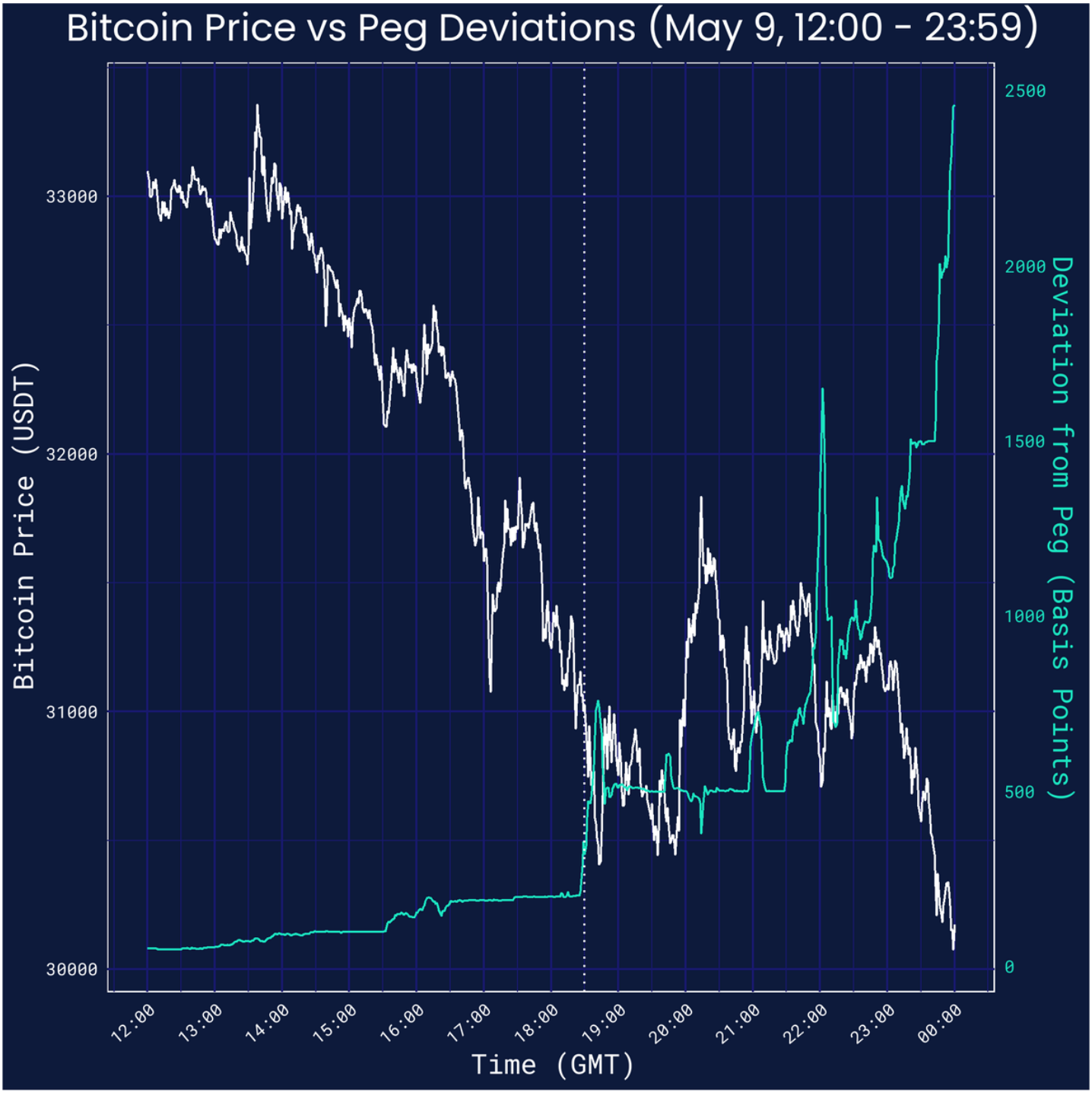
4/ Second, outflows from Anchor — particularly overnight on May 7 and on the morning and early afternoon of May 9 — put substantial pressure on the UST peg.



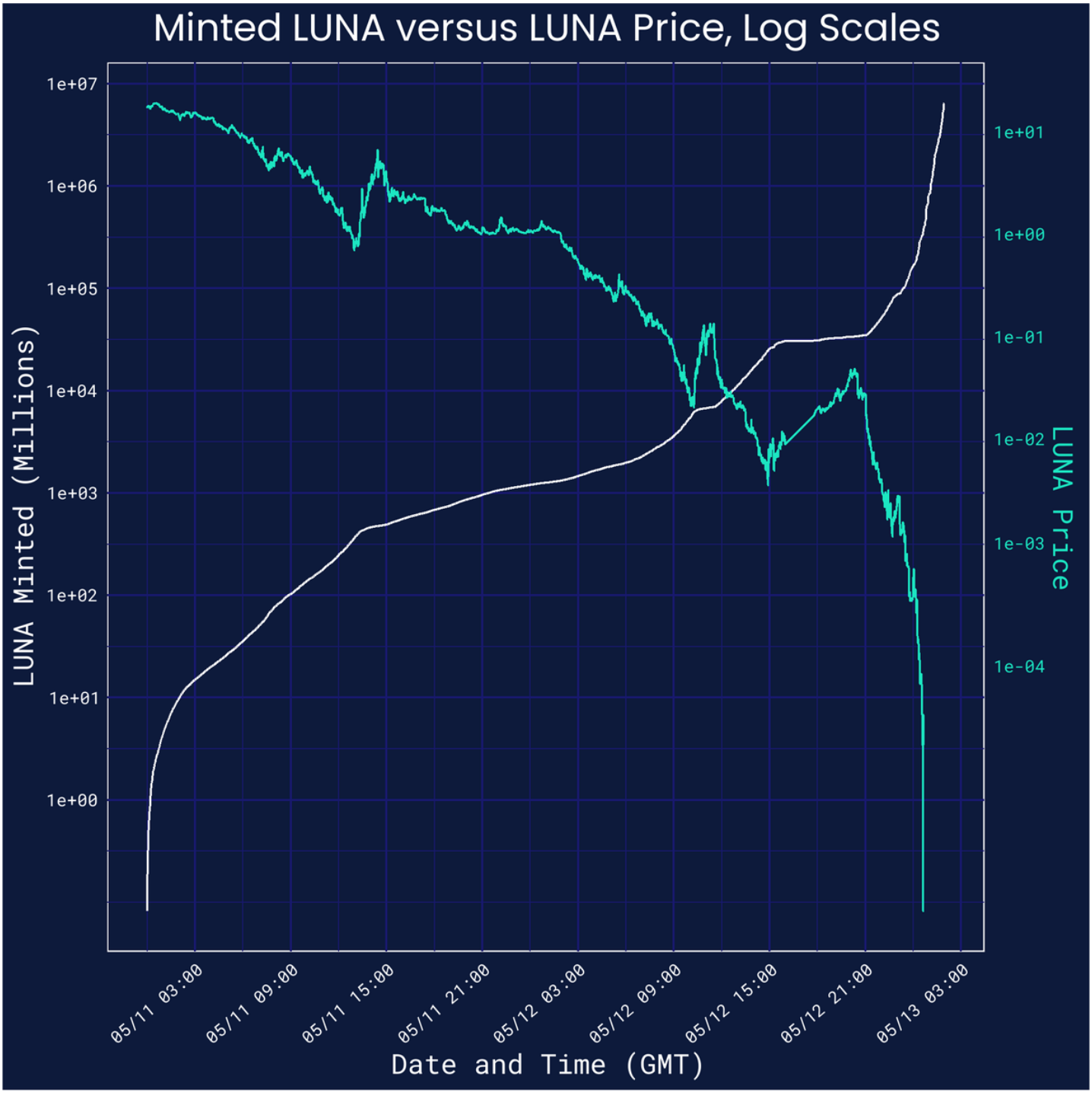
5/ Large depositors disproportionately drove the outflows. In fact, small depositors increased their exposure during this episode.



6/ Third, the crypto market selloff on May 9 added additional pressure to UST, which may have finally pushed it off the peg by several hundred basis points.



7/ As a coda to the depegging, as the on-chain burn mechanism started printing LUNA to burn UST, the supply of LUNA skyrocketed and the price of LUNA collapsed.



8/ You can read the full piece here: https://t.co/KhYNyfJ7Ai

Did we miss anything? Let us know @theshah39 @maherlatif_