Twitter Thread by 0x_Infinitum

0x_Infinitum
@CryptoMessiah

THE MONEY PRINTING GAME:

A pleb's guide to using @Keeper_DAO's hiding game to acquire $Rook below market price and arb it like a pro.

Before reading this thread, please read this one to provide a bit of context: https://t.co/jLeUJRIjLG

Here we go!

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> Ok I couldn't resist myself...
> OOOONNEEE more $Rook post.
>
> Before i get into the REALLY cool shit i want to talk about, let me discuss the arb mining mechanics that were present during the initial distribution phase.
>
> See this image, that's the keeperdao treasury.
>
> 1/ pic.twitter.com/Z2sMsZN9jo
>
> — 0x_Infinitum (@CryptoMessiah) February 3, 2021

Before we really get into the meat of this... please do understand that the hiding game is currently in alpha. Hardware wallets don't work w/ it yet (they will soon).

Sometimes orders go unfilled (improving every day).

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A bit more context:

Limit orders on an amm aren't limit orders in the traditional sense. They are actually arbitrage opportunities for keepers. Keepers are bots that operate in the dark forest of ethereum.

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Now, let's say you use a service like 1inch or matcha to set your limit orders.

Let's say eth is $900 and you want to sell at $1000.

Eth pumps to $1040 rapidly, a keeper fills your limit order for $1000... everyone is happy. But wait... who gets the extra $40 here?

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Hint: it's not you! But what if you could?

This is where the hiding game comes in.
https://t.co/6sBlUWfw00

When you submit a limit order through the hiding game, @Keeper_DAO takes the $40 (or w/e amount) referenced above (this is MEV) and pushes it to the treasury.

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At the end of every epoch (~1 day), KeeperDAO sums the total contributions of MEV to the treasury and rewards people who participated with $Rook tokens.

There are 1088 rook tokens / epoch up for grabs.

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Let's say that the hiding game captures $100k usd worth of MEV during a particular epoch.

In this instance, the "mining cost" of rook would be $100k / 1088, or ~$92...

But wait... wtf? Rook is currently priced at $400 on the market...

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Well congrats anon, you managed to acquire rook at a fraction of its market price.

Hold em? Sell for the $400 price and capture the spread?

That's your call.

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Now, let's discuss a couple of ways to play this game.

1. You're making limit orders elsewhere... might as well use the hiding game and capture this MEV for yourself...

2. Purposefully create arb opportunities to buy rook for pennies on the dollar.

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Let's talk play style #2.

How does one purposefully create an arb op?

Well, imagine setting a limit order where you are willing to sell 1 eth for $1000 (current price is $1600).

KeeperDAO forwards the $600 difference to the treasury. You get your share of Rook.

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As long as there is a spread between the market price of rook and the mining cost of rook... you can repeatedly do this to literally print money.

This is the money printing game.

Create artificial arb --> Get cheap rook --> dump on market --> rinse and repeat.

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At a market price of $400, this strategy is profitable as long as treasury contributions for the epoch are < $400 * 1088, or $435,000.

You can view these treasury contributions here:
https://t.co/EEuR9kcUqS

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Note:

In its current state, if you submit an arb op where 1 eth is being sold for let's say... 1 dai... you're unlikely to get filled.

So make sure you don't get too fucking crazy here. Make multiple arbs to reach your desired contribution amount.

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Quick demo:
https://t.co/6sBlUWfw00

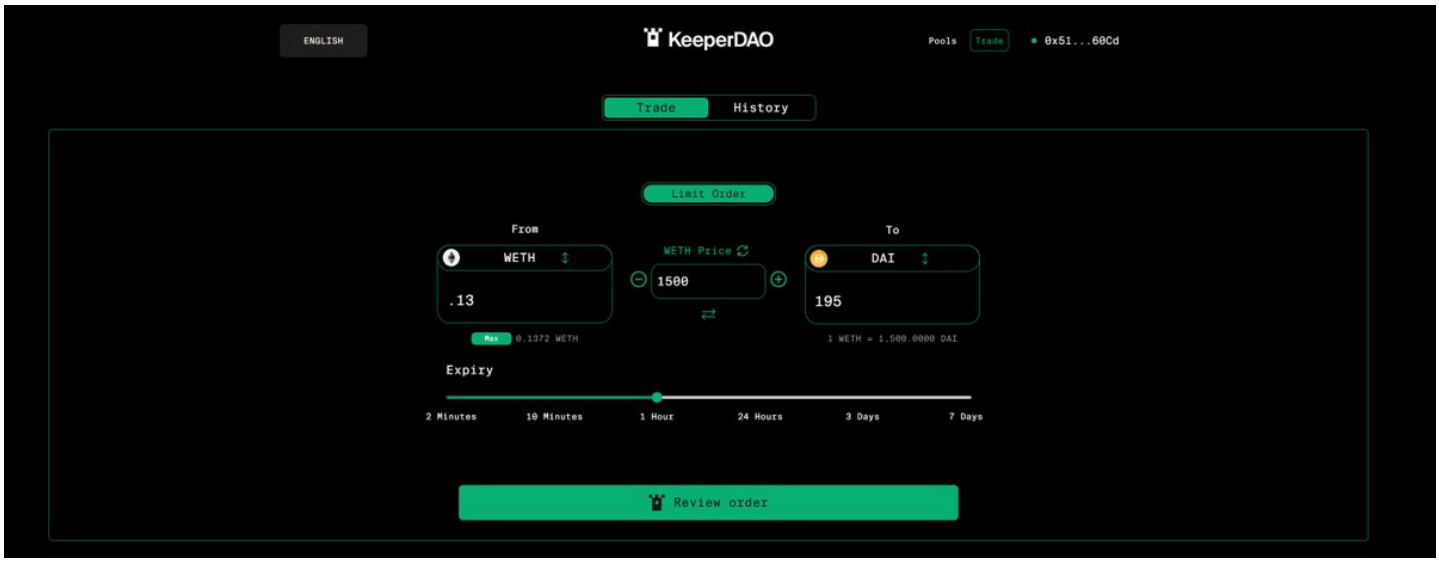
.13 weth being sold at $1500 / eth for dai

This creates a $27 arb op for the keeper.

(note... gas is high so the arb op should theoretically be > keeper gas cost... this won't fill)

Note, someone else is paying the gas here, not u.

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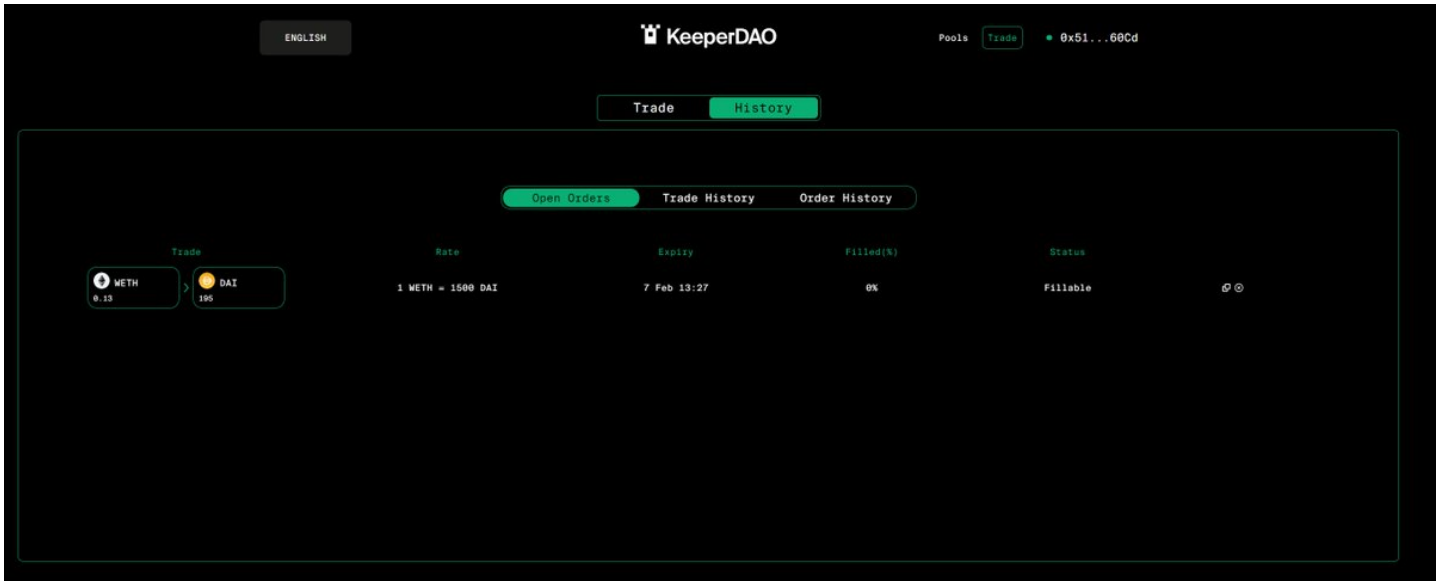


Congrats! Your order is now placed.

Be patient, wait for a fill. If it doesn't fill, it's because the arb op is worth less than the gas to fill OR because you did something stupid like selling 1 eth for 1dai.

Once your order fills rinse and repeat.

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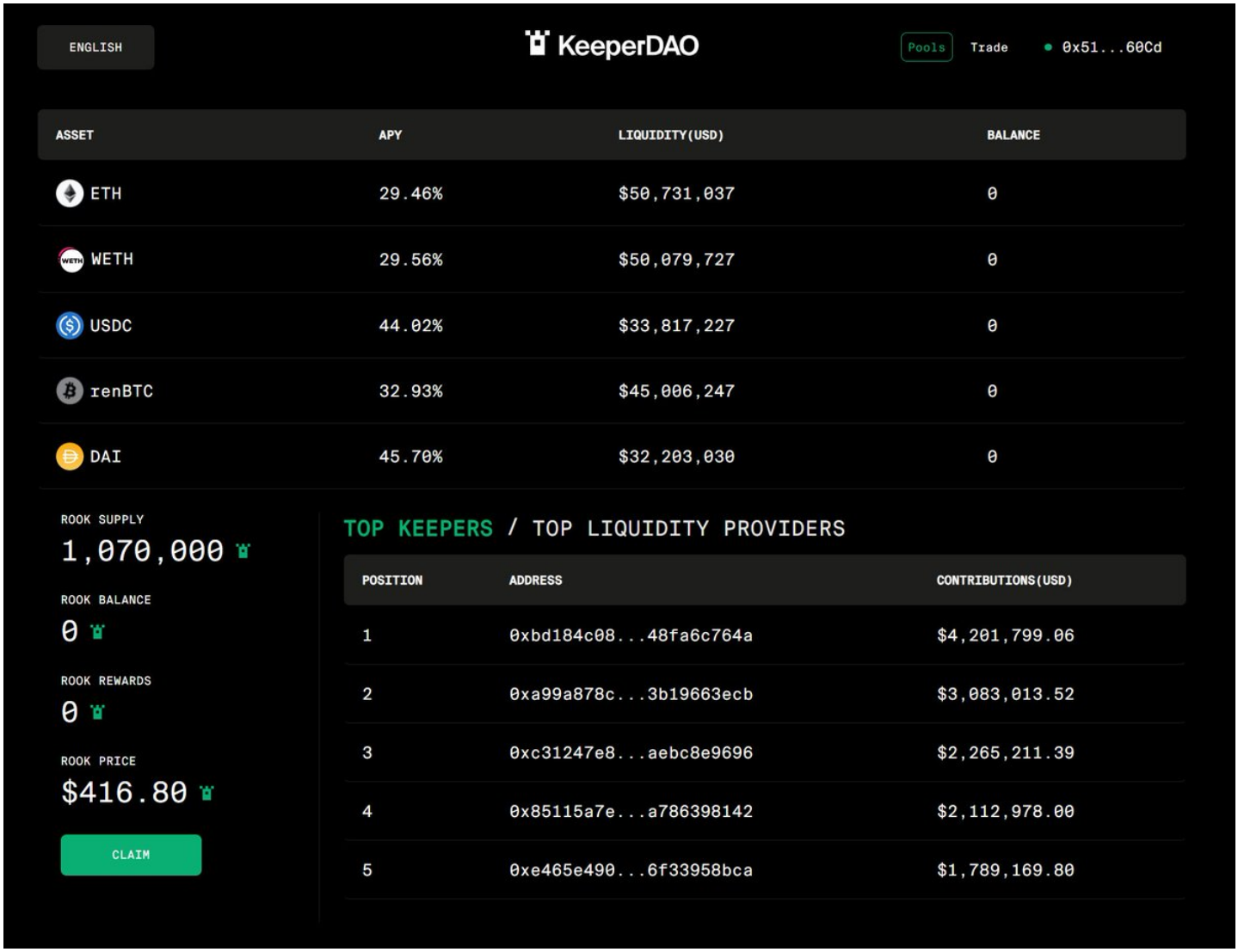


After the epoch expires (~1 day per epoch), visit the main keeperdao page and claim your $Rook tokens.

They will appear under "Rook Rewards"

You can use this as ammo for the next epoch or w/e you want... point is you got rook under market price.

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Finally.. just a reminder... NOT FINANCIAL ADVICE.

If this gets too competitive, the spread will disappear between mining cost and market price. This means you break even or even lose a bit. Always pay attention to the current epoch's contribution level relative to price.

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And remember, you currently cannot use a hardware wallet to do this, which sucks. Hardware wallet in testing atm... dropping soon.

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Enjoy.

Adding this little discussion to the end of the thread bc great questions:

https://t.co/limE2OGcdV

> Why would the market have to carry a premium over the mining cost of rook, and what if it doesn\u2019t? Wouldn\u2019t that just kill any incentive to mine rook?
>
> — Clemens Wittmann (@ClemensWittmann) February 6, 2021