

Forum:[Hack Forums](#)

Thread: [Wow: Best Explanation of AAVE & Making \\$\\$\\$ from DeFi Loans](#)

MegaByter - June 18, 2021, 6:02 am

Lending and borrowing is probably what attracted me to defi, now it all is starting to connect.

Just threw in \$500 on aave and earning interest already lol, hmmm this is cool.

GREAT explainer on how the AAVes and Compounds of the defi world work!
Thought I'd share!

[Video: <https://youtu.be/05dT3ycqjLI>]

DBS1337 - June 18, 2021, 8:53 am

Was looking for a good solution to stake / lend stablecoins. Although, with these rates neither Aave or Compound can compete.

God - June 18, 2021, 12:20 pm

The amazing thing with AAVE is that there will still be incentives to lend your money regardless of whether we're in a bull/market. Of course rates may be lower, but at least it's fundamentally sound

MegaByter - June 18, 2021, 3:11 pm

(Jun 18, 2021 08:53 AM)DBS1337 Wrote: [\[CITE\]](#) Was looking for a good solution to stake / lend stablecoins. Although, with these rates neither Aave or Compound can compete.
what exactly do you mean? Who can't compete with who ?

DBS1337 - June 18, 2021, 4:09 pm

(Jun 18, 2021 03:11 PM)MegaByter Wrote: [\[CITE\]](#) what exactly do you mean? Who can't compete with who ?

The APY reward for lending USDT / USDC / DAI is ~ 3% per year. That's fairly low compared to BlockFi / Celsius / Nexus. I do get these are dexes, - regardless I don't know why people use these sites besides borrowing and betting against their crypto. For passive income I just don't see how they can be profitable when you have site that offer x5 of the interest sites with the same - and possibly - lower risk. Correct me if I am wrong.

MegaByter - June 18, 2021, 4:30 pm

(Jun 18, 2021 04:09 PM)DBS1337 Wrote: [\[CITE\]](#) The APY reward for lending USDT / USDC / DAI is ~ 3% per year. That's fairly low compared to BlockFi / Celsius / Nexus. I do get these are dexes, - regardless I don't know why people use these sites besides borrowing and betting against their crypto. For passive income I just don't see how they can be profitable when you have site that offer x5 of the interest sites with the same - and possibly - lower risk. Correct me if I am wrong.
BlockFi , Celsius etc... are subsidizing those interest rates from VC money. Not sustainable.

AAVE and Compound give you tokens that represent your deposits, which can be further used in Defi, plus other defi apps build on top of these protocols too. It can't even compare to the companies like blockfi etc...

whole different ball game.

and the interest / borrow rates on aave or comp are always changing, could be saw 9% deposit rate yesterday, today I see lower, etc... its all supply and demand, not sure if you watched the video i share , but its impressive

shreder - June 18, 2021, 4:38 pm

(Jun 18, 2021 04:09 PM)DBS1337 Wrote: [\[CITE\]](#) The APY reward for lending USDT / USDC / DAI is ~ 3% per year. That's fairly low compared to BlockFi / Celsius / Nexus. I do get these are dexes, - regardless I don't know why people use these sites besides borrowing and betting against their crypto. For passive income I just don't see how they can be profitable when you have site that offer x5 of the interest sites with the same - and possibly - lower risk. Correct me if I am wrong. If you view a trusted third-party as lower risk than DeFi then you have it all backwards.

MegaByter - June 19, 2021, 4:33 am

(Jun 18, 2021 12:20 PM)God Wrote: [\[CITE\]](#) The amazing thing with AAVE is that there will still be incentives to lend your money regardless of whether we're in a bull/market. Of course rates may be lower, but at least it's fundamentally sound
yeah! i mean the rates are pure supply and demand, so its exciting to see a "Transparent" new age bank take form.

CollectingTime - June 20, 2021, 5:55 am

How can I lend my money there ? I simply have to buy the coin or ?

MegaByter - June 20, 2021, 9:00 am

(Jun 20, 2021 05:55 AM)CollectingTime Wrote: [\[CITE\]](#) How can I lend my money there ? I simply have to buy the coin or ?
yeah you fund and connect your metamask wallet, then deposit USDC or DAI or something.

DBS1337 - June 24, 2021, 9:11 pm

(Jun 20, 2021 09:00 AM)MegaByter Wrote: [\[CITE\]](#) yeah you fund and connect your metamask wallet, then deposit USDC or DAI or something.
I tried figuring out, but where is the risk exactly when your borrow against your USDC?

Example:

I deposit \$100k USDC in AAVE. Now, I would borrow 50% against it in USDC.

My therefor total would be \$150k, - 50k being the loan. I would now earn interest on the 150k\$.

Technically, I could redo this and borrow on the 50k\$ against, another 25k\$ if I am not mistaken?

On volatile assets I get the risk of liquidations and short squeezes, - but with stablecoins I haven't quite figured out where the risk would exactly belong.

// I was quite wrong when I first commented on here, done some research and AAVE looks pretty neat.

MegaByter - June 30, 2021, 6:11 am

(Jun 24, 2021 09:11 PM)DBS1337 Wrote: [\[CITE\]](#) I tried figuring out, but where is the risk exactly when your borrow against your USDC?

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Well its not "risky" if you're lending and borrowing the same stable coin asset, your loan interest rate will outweigh the current rewards.

So you're paying for a loan on the same asset, which I don't really see the reasoning behind. But you can do it.