

# Solana's DeFi Stablecoin Projects Find Auto-balancing Deep Liquidity Solutions with Kamino Finance

*Kamino manages deep liquidity for Solana's stablecoins through automated concentrated liquidity vaults.*

LONDON, UNITED KINGDOM, October 3, 2022 /EINPresswire.com/ -- The number of decentralized finance (DeFi) stablecoin projects building on Solana has multiplied during the last year. [Kamino Finance](#), a protocol that automates concentrated liquidity solutions on decentralized exchanges (DEXs), has begun managing the liquidity of Solana's four major DeFi stablecoins and increasing their stability through its services.



Kamino Finance rebalances concentrated liquidity positions for Solana's major stablecoins.

The stablecoins from [Hubble Protocol](#) (USDH), [Ratio Finance](#) (USD<sub>r</sub>), Hedge Labs (USH), and most recently UXD (UXD), now all have vaults on Kamino. Kamino's vaults actively manage price ranges and rebalance liquidity positions on Solana's concentrated liquidity DEXs with strategies optimized by quantitative modeling to maximize liquidity available for trading.

At the time of writing, Kamino Finance manages over \$5 million in liquidity. Around \$3 million worth of this total-value-locked (TVL) is derived from actively managed liquidity for Solana's major DeFi stablecoin pairs.

Kamino's services are especially important for stablecoins, as the available liquidity of a stablecoin on a DEX can determine the sustainability of its pegging to the US dollar. Without deep liquidity, a stablecoin can be knocked below its target price of one dollar by high volume trading or particularly large trades that can imbalance thin liquidity in a DEX's liquidity pool and change a token's price. For example, Terra Lab's UST fell to \$0.98 due to one large trade in early May, and subsequent trading led to the stablecoin's demise.

In the past, inefficiencies in early DEX designs meant that massive amounts of tokens were necessary to create deep liquidity for stablecoins. Recent advancements in concentrated liquidity market makers (CLMMs) have made it possible to keep stablecoins peg-stable through large trading events with fewer tokens than ever before. However, users find it difficult to provide liquidity to CLMMs due to their added complexity.

Kamino has created a symbiotic relationship between projects, traders, and liquidity providers (LPs) who earn fees from trades by automating the process of providing complex CLMM liquidity. As Kamino's users are incentivized to provide liquidity through "one-click" solutions, projects with tokens, especially projects that issue stablecoins, can access cost-efficient deep liquidity more easily, and traders can make larger and more frequent trades without incurring losses due to price slippage from thin liquidity.

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