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Jul 4 · 21 tweets · SalomonCrypto/status/1543807572112809984

(1/20) @synthetix_io has been PRINTING money lately, throwing off sooo many fees to $SNX stakers. Curious what's going on?

Read on to learn about one of the OG De-Fi protocols!

If you are a fan of $CRV, $CVX or any parts of The Flywheel, you need to check this out.

(2/20) Not financial advice.

(3/20) First, a metaphor:

Let's say you have a really cool Lego boat... but you're kinda into that other girl's Lego Star Wars set.

Feel free to ask her, but I don't think she'll do a straight swap. She'll probably want to keep an Ewok or a speeder or something.

(4/20) But you have another option!

You know the world's BEST Lego builder; he can reach into a box of legos and build the most intricate, beautiful object you can imagine without effort.

You can also hand him a finished Lego and he'll neatly disassemble it nearly instantly.

(5/20) Instead of swapping, you should take your boat to the builder. He'll disassemble it into individual bricks and then rebuild it into that same Star Wars set.

The builder takes a fee, but he's playing a different game than the first girl. Let's just say bricks, not Ewoks.

(6/20) Let me introduce you to @synthetix_io, the synthetic asset protocol.

Users stake $SNX tokens in order to mint Synths, an ERC-20 token which tracks the price of an external asset.

$sUSD, $sETH, $sBTC, $sEUR, $sAAVE, $sLINK...

(7/20) User flow:

- User stakes $SNX
- User mints Synths against staked $SNX with a collateralization ratio (CR) of 400%
- If the CR drops below 200%, user is flagged for liquidation. S/he has 72 hours to fix CR to 400%
- $SNX stakers receive protocol fees and $SNX rewards

(8/20) At this point, the user is free to use the Synth however s/he sees fit.

- Stake your $sUSD on @CurveFinance for $SNX rewards
- Sell your $sBTC because you want to short $BTC
- Grow your $ETH exposure by depositing $sETH into @iearnfinance

(9/20) Synthetic assets provide exposure to an asset without holding the underlying resource. This has a range of advantages, including reducing the friction when switching between different assets, expanding the accessibility of certain assets, and censorship resistance.

(10/20) Trading through @synthetix_io provides many advantages over traditional venues. All trades are executed against a smart contract and all settled through $SNX.

This provides liquidity up to the total amount of collateral in the system with zero slippage.

(11/20) Until recently there was an (killer) trade off in using @synthetix_io trading: each trade had a 10 minute delay.

We aren't going to get into it, it's a system of the past, but essentially the delay provided a buffer to settle in the case of front-running or oracle manipu

(12/20) Today @synthetix_io has built a system based on "a combination of oracles from @chainlink and @Uniswap V3."

I don't really know what that means, but their docs assure us that it is "without significant frontrunnable risk."

Point is, trades are as quick as any DEX.

(13/20) Example: @synthetix_io will route a ETHUSDC trade through the following path:

- Take $USDC
- Swap for $sUSDC at @CurveFinance
- Convert $sUSDC to $sETH on Synthetix
- Swap for $ETH on Curve
- Return $ETH

Very low slippage from Curve, no slippage from Synthetix

(14/20) Sound complicated? Well the good news is that all of this happens behind the scenes. Atomic swaps are implemented via other protocols.

@1inch recently integrated atomic swaps and driven a huge amount of volume through @synthetix_io.

(15/20) Trading isn't the only application @synthetix_io is good for; using the same concept we'll soonTM see cross-chain bridging.

Instead of a bonding-based system, Synthetix can move Synths cross bridge without worrying about liquidity or batching.

(16/20) Even on its own, @synthetix_io is a really cool protocol. The idea of synthetic tokens for anything with a price feed, combined with $SNX as universal liquidity, has already proven its power.

But for us De-Fi zealots, there is even more to love.

(17/20) If you're a believer in @CurveFinance and The Flywheel, you have to see just how much @synthetix_io is bringing to the table.

The offer? Near unlimited liquidity for even the largest of trades.

The ask? A LOT of very efficient stable swaps in and out of Synths

(18/20) If The Flywheel is the combination of @fraxfinance, @CurveFinance and @ConvexFinance, then is @synthetix_io a wizard who figured out how to harness its energy.

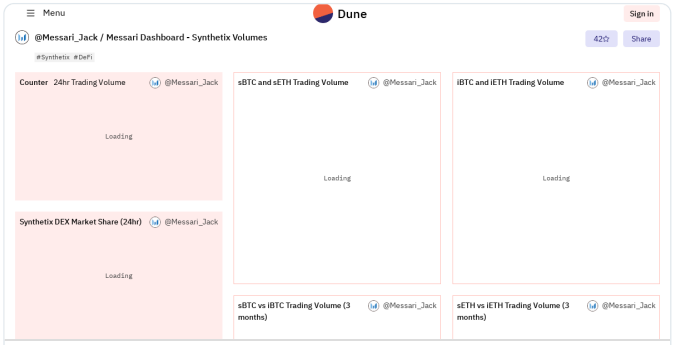
My only question: why isn't Synthetix building up a $CVX stack?

Or at least $sCVX?

daocvx.com/leaderboard/

(19/20) Regardless, @synthetix_io is a powerhouse...

I can't wait to see what's synthesized up next!



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https://dune.com/Messari_Jack/messari-dashboard-synthetix-volumes

(20/20) Bibliography

This article from @SwitcheoLabs was incredibly helpful. Check it out for a deeper dive.

Also the recent threads on Synthetix by @pseudo__alakon are

Synthetix Atomic Swaps

As one of the most unique protocols built on Ethereum and Optimism, Synthetix offers an interesting way for users to gain exposure to real world assets without owning them with Synths. Intrigued? He…

https://blog.switcheo.com/synthetix-atomic-swaps/

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