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Bunni v2: The Liquidity Provider's DEX

TLDR

- Despite memecoin mania and plenty of drama on our Twitter timelines, DeFi builders kept their heads down and continued to build.

- Uniswap v4 is expected to launch this quarter, opening new possibilities for DeFi products.

- Bunni v2 is the first DEX built on Uniswap v4. Bunni is dedicated to maximizing liquidity provider (LP) profits in all market conditions, thanks to tech produced by Uniswap v4 and Bunni's yield partners.

- Bunni's "shapeshifting liquidity" enables users to configure their LP and allows it to automatically move with the market. Other core features in Bunni are aimed at maximizing yield, minimizing various types of losses suffered by LPs, and programmed liquidity.

- Ethereum is not the only ecosystem with exciting new tech - Solana's Jito has just announced progress in Solana restaking.

- SOLETH cannot be ignored as it continues to push for new all-time highs. New DeFi avenues opened by tech development, coupled with a solid lead in the memecoin sector, means that profit-seeking market participants are compelled to keep Solana on their radar.

DeFi Innovation Continues

In recent months, the markets have been preoccupied with memecoins and airdrop drama, while the morally reprehensible behavior of various "Key Opinion Leaders" flooded our Twitter timelines. Tech or utility-based tokens have largely fallen out of favor in this environment, and there has not been much DeFi innovation to celebrate. Fortunately, however, there are dedicated teams of developers building out the next iteration of DeFi tech in the face of all this noise.

We looked at Tapioca recently, an innovative omnichain project going after the money market sector. Tapioca aims to push money markets forward. This week, we look at a project attempting to push the DEX sector forward - Bunni v2, the first DEX built on Uniswap v4. A rebrand from "Timeless Finance", Bunni v2 aims to solve some of the big issues at the center of DeFi. Decentralized and permissionless swaps are the bread and butter of DeFi, but there is much room for improvement. Let's see how Bunni v2 plans to take DEXs to the next level.

Bunni v2

Bunni is a DEX that is dedicated to maximizing liquidity provider (LP) profits in all market conditions. Uniswap v3 introduced concentrated liquidity in 2021. DeFi users who wanted to provide liquidity in AMMs no longer provided "full-range" liquidity by default. Instead, they had the option to specify within which price-range they wished to provide liquidity with their tokens. Liquidity pools became more efficient, but users who did not actively manage their positions lost out on potential fees earned, all while running the risk of impermanent loss.

The market produced some solid solutions for this, such as Gamma Strategies which offered automated concentrated liquidity management services. These services were great for experienced DeFi users in-the-know, but they were rarely integrated into the UI of DEXs and also had some shortcomings due to the volatility of crypto markets. However, we will soon enter a new era for DeFi with the launch of Uniswap v4, and through that, Bunni v2 looks to usher in a new era for DEXs.

Expected to launch this quarter, one of the most highly anticipated features of Uniswap v4 is "hooks". These contracts operate at different stages in a pool action's lifecycle, enabling more intricate customization such as dynamic fees, true on-chain limit orders, or act as a time-weighted average market maker to spread large orders over time. Bunni is the first DEX built on top of Uniswap v4 and aims to utilize all its innovative features to produce a superior product.

Bunni v2 Core Features	
Native automated LP management	Bunni's "shapeshifting liquidity" tech enables users to configure their LP and allows it to automatically move with the market.
Maximize Yield	Bunni lets users earn extra yield from their idle liquidity via platforms such as Gearbox and Morpho. Bunni also optimizes swap fee revenue via auction-managed strategy providers.
Minimize Losses	Bunni protects users from losses to Miner Extractable Value (MEV) and Loss Versus Rebalancing (LVR) using technologies such as am-AMM and surge fee.
Programmed Liquidity	Bunni enables developers to program liquidity behavior: how it's distributed over different prices, and when & how it shifts or changes shape. E.g. users can LP a stablecoin and "buy the dip" when a depeg occurs by moving liquidity.

Bunni v2 is currently running an incentivised testnet. This is an opportunity to try out next generation DEX infrastructure while earning some yield and potentially earning lucrative rewards once the mainnet goes live. Quests are currently live and will end on August 4-7. Included in these quests are two of Bunni's main partners for yield maximization – Gear Protocol and Morpho Labs. These partnerships are central to Bunni v2's rehypothecation feature, allowing idle assets within liquidity pools to be redeployed in other yield-generating opportunities.

There is a token associated with the project - $LIT – which may benefit if the project can deliver on its promises or if Uniswap v4 can generate significant hype leading into its launch. Price is rallying; however, volume is currently extremely low, indicating relatively little interest or awareness in the market as of right now.

Bunni is operating in a very competitive sector and makes some big promises for a project that has yet to launch on mainnet. Nevertheless, trying out new incentivized protocols that are utilizing the latest DeFi tech is a no-brainer. Speculation on the rewards that testnet users may accrue include an airdrop of a token rebrand, matching the switch from Timeless Finance to Bunni.

Don't Forget Solana (or SOLETH)

Ethereum is not the only ecosystem that is seeing technological progress. Last Thursday, the Jito Foundation released code for a staking **and** restaking program. Jito is by far the leading liquid staking service for Solana and continues to see solid growth in TVL and fees generated as 2024 progresses. Restaking and Liquid Restaking Tokens (LRTs) are the natural next step for Jito/Solana, and should boost these impressive metrics further as more possibilities for Solana DeFi are opened up.

Jito Fees and TVL
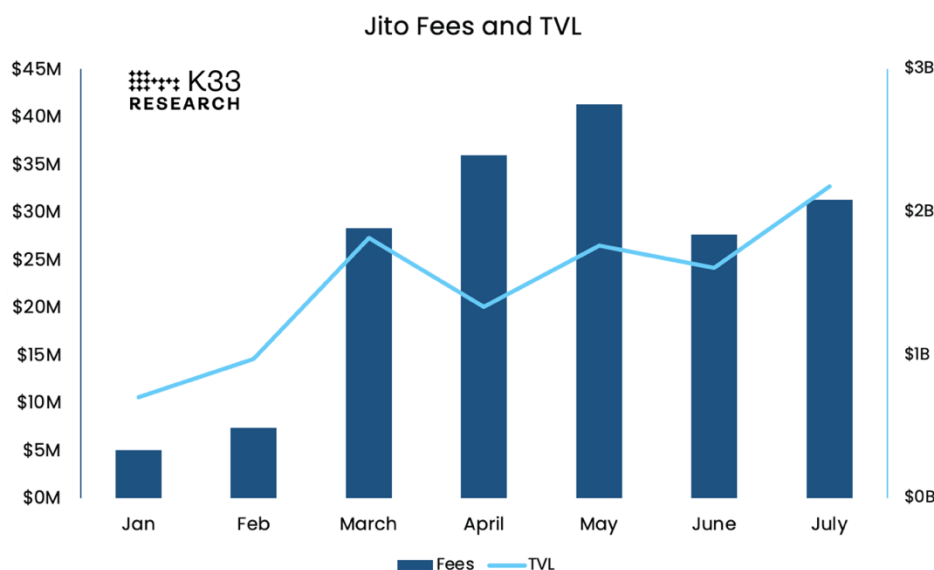
Jito aims to enable any protocol building on Solana to set up a system for providing economic security to nearly any on-chain dApp, otherwise known as an "actively validated service" (AVS). Solana gets much of its inspiration from Ethereum tech, in this case, from EigenLayer's suite of solutions. However, there are notable differences in the mechanism put forth by the Solana-based project. Jito's code purportedly allows users to secure AVSs using whatever crypto asset they prefer to utilize. In contrast, Ethereum's EigenLayer only takes EIGEN and staked or liquid-staked ETH. In the backdrop to this development, SOLETH is knocks on the door of new all-time highs.

U.S. spot ETH ETFs are live, but strong institutional demand is currently outweighed by ETHE redemptions as the Grayscale Ethereum Trust continues to haemorrhage assets. Fundamental developments such as Jito opening a whole new sector for Solana DeFi, matched with an undeniably growing dominance in the booming memecoin sector, mean that Solana has plenty of catalysts to keep SOLETH momentum going. Nevertheless, we reiterate that one should not isolate themselves to one chain – take advantage of all the opportunities available while bullish sentiment reigns.

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