Liquidity pool break-even worksheet (PDF)

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Fill in before adding liquidity to a 50/50 pool.

Position

Pool, fee tier, tokens and amount deposited ($) _____

Price ratio at deposit (token A in token B) _____

Scenarios

Ratio move I consider likely over my holding period (e.g. 1.5× or 0.67×) _____

Impermanent loss at that move = 2√r ÷ (1 + r) − 1 _____

Fee income needed to break even ($) = deposit × loss _____

Checks

- [ ] Expected daily volume × fee tier × my pool share covers the break-even amount
- [ ] Smart-contract and token risk accepted separately from impermanent loss
- [ ] Exit plan if one token trends hard against the other

Sources: Uniswap Docs: Understanding returns (v2); FRED: Coinbase Ethereum (CBETHUSD); FRED: Coinbase Bitcoin (CBBTCUSD); ethereum.org: Decentralized finance (DeFi). Full explanation and links: https://uxs.nz/crypto/how-much-can-impermanent-loss-cost-a-liquidity-provider-in-a-crypto-pool/

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