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**MONDAY MORNING  
QUARTERBACK  
ENERGY MARKETS  
CEO BRIEFING NOTE**

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Turns Sulphuric Acid  
into New Battleground  
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*“The Strait of Hormuz Shock Turns Sulphuric Acid into New Battleground Between Copper & Food Crops!”*

**By Sean Evers, Managing Partner, Gulf Intelligence**

Middle Eastern nations produce roughly 24% of the world's Sulphur, and while that sounds like a minority share, they sit in a far more dominant position in export terms, accounting for an estimated 45% to 50% of global Sulphur exports. In a normal year, that concentration is a footnote. In a year when energy flows are weaponized and the Strait of Hormuz is disrupted, it becomes the opening sentence of a new commodity story: Sulphur and sulphuric acid are turning into a bridge commodity that transmits an energy shock straight into both mining output and fertilizer availability.

Bridge commodity is the right frame because Sulphur does not behave like a niche chemical. It is the industrial hinge between upstream hydrocarbons and downstream essentials. Elemental Sulphur is largely produced as a by-product of oil refining and sour-gas processing; sulphuric acid is then made from Sulphur and becomes the workhorse reagent of modern industry. Remove or delay the molecules, and what snaps first is not only fuel supply chains, but the chemistry that turns rock into metal and rock into plant nutrients.

That is why the Hormuz disruption matters far beyond crude. When shipping lanes seize up, the physical by-products of energy systems stop moving too. Traders describe a scramble for prompt tons, with Sulphur

cargoes suddenly attracting multiple bidders the moment they appear, and with flows being rerouted in ways that would have sounded exotic in calmer markets. The scramble is intensified by policy: export restrictions and “domestic-first” reflexes start to show up not only in energy, but across the chemical value chain, including sulphuric acid and fertilizer-adjacent intermediates.

**Why this Turns into a Bidding War between Mines and Fields**

When Sulphur and sulphuric acid go scarce, the market does what it always does: it asks who can pay. And on that question, mining and metals tend to arrive with a structural advantage.

Start with the physics. A large share of copper output in key jurisdictions depends on acid leaching, not just traditional smelting. Where ore is low-grade, operators rely on sulphuric acid to dissolve copper out of host rock. If acid is unavailable, production can fall sharply; if acid is merely expensive, production can often continue. Industry voices have been blunt about the vulnerability: for leach-heavy regions, an acid shortage is not a rounding error, it is an output risk that can take meaningful supply off the market unless price signals pull acid in from elsewhere.

The longer Hormuz remains shut the more it becomes bearish for oil prices as global economy will move towards recession?



What will be the average price for Brent crude oil in May – closer to?



## Will UAE exit from OPEC+ trigger other countries to follow?



## What is most likely pathway to a US-Iran peace deal?



(\*nb. Polling conducted April 27<sup>th</sup>-30<sup>th</sup> with 100+ Energy Market Stakeholders)

Now add the economics. In a high copper-price environment, mines can tolerate very high reagent costs because the value of the metal they keep producing is so large and because the cost of stopping is often catastrophic. Shutdowns are not just “lost revenue”; they can mean operational instability, workforce disruption, contractual penalties, and in some cases reservoir/heap complications that create longer-tail losses. This is why market participants expect copper and nickel producers to pay significantly higher prices for Sulphur or acid and still keep operating, especially in places such as the DRC and Indonesia where the sulphuric-acid dependence is acute.

Fertilizer and agriculture sit on the other side of the ledger. Yes, food is essential, but fertilizer manufacturing margins can be thin, procurement can be bureaucratic, and the downstream customer base (farmers and consumers) is far more price sensitive than miners selling into global metals markets.

When sulphuric acid is required to convert phosphate rock into phosphate fertilizers, the chain is chemically non-negotiable; but the demand response often arrives anyway, not because chemistry changes, but because affordability and timing do. Market commentary has highlighted a harsh reality: in a pinch, agricultural systems can reduce application rates for a season, particularly after peak-buying windows, even though doing so for multiple years would carry serious yield consequences. That “flexibility” becomes the market’s pressure valve, and it effectively pushes agriculture to the back of the queue.

Put those pieces together and the allocation outcome becomes grimly predictable. When acid is scarce, phosphate fertilizer producers are likely to be outbid not only by copper smelters and leach operators, but also by battery, electronics, and other industrial users that can justify paying up because the alternative is lost production in high-value manufacturing chains. In that contest, agriculture loses first because it cannot (or will not) match the clearing price quickly enough.

### The First Order “Winner”: Metals & Mining Continuity

In the near term, the winner of the bidding war is usually the sector with the highest willingness to pay and the fastest execution. That points to mines, metal processors, and strategically prioritized manufacturing.

You can see the logic in how physical markets behave during disruption. When Sulphur cargoes become available, they are treated as scarce prompt supply, auctioned in effect to whoever values continuity most. Traders have described cargoes becoming the easiest thing to move because demand is immediate and competitive, especially into vulnerable mining regions, precisely because buyers are staring at the cost of interruption.

This is not only about metals margins; it is about national strategy. Copper has increasingly become a policy metal, meaning governments and strategic industries care about it not just as a cyclical input but as infrastructure for electrification, grids, and data-driven economies. That political overlay tends to reinforce the ability (and the permission) to pay up for any input that protects metal supply, including sulphuric acid.

There is another twist: high sulphuric acid prices can actually incentivize

some forms of metal production, because acid is a by-product of smelting. When acid prices spike, some smelters have a stronger reason to run hard, because the by-product economics improve. That is a partial offset — but only if the acid can be moved to where it is needed, and only if concentrates and logistics cooperate.

### The Second-order Loser: Fertilizer Availability and the Quiet Start of a Food Problem

If mines win the bidding war, the “loss” does not show up as a dramatic headline on day one. It shows up as a widening gap in fertilizer availability, then as rationing, then as reduced application, then as yield and price effects that arrive with a lag.

Commentary has been explicit about the mechanism: when mines in Sulphur-dependent regions pay up for alternative Sulphur supply, that Sulphur is effectively diverted from what would normally have gone into fertilizer. The shortage does not disappear; it is rolled further down the supply line.

This is where Sulphur’s bridge-commodity status becomes most politically dangerous. Energy disruption constrains Sulphur supply; Sulphur constraint reduces fertilizer output or raises fertilizer costs; fertilizer constraint pressures agricultural output and food prices. And unlike copper, where higher prices can unlock both substitution and investment responses over time, food inflation often triggers immediate political reaction, export bans, subsidies, price controls, and emergency procurement, which can further distort the chemical supply chain.

In other words, even if the market initially chooses to feed mines, politics may later force the market to feed fields.

### So, Who Ultimately Wins?

If you mean the first, fast, market-based outcome: mining and metals win. They can pay higher prices, they tend to move faster, and the value-at-risk of stopping a mine is often larger than the value-at-risk of cutting fertilizer application for a single season. That is the brutal arithmetic behind rationing: the highest bidder gets the acid.

But if you mean the sustained outcome over multiple planting cycles: the answer gets more complicated, because governments rarely tolerate food insecurity as “just another market clearing.” If the disruption persists, expect policy to enter Sulphur and sulphuric acid the way it enters fuel: export limits, stockpiles, priority allocation, and domestic-supply mandates. Observers have already pointed to the direction of travel, with tighter controls and a broader instinct to protect domestic markets across fertilizer-linked chains.

That is why Sulphur is becoming strategic. It forces a real-world allocation decision between two systems societies cannot do without: the mineral supply that powers grids, industry, and electrification, and the fertilizer supply that sustains crop yields and social stability. In a short disruption, mines outbid fields. In a long disruption, politics tries to reverse the verdict. Either way, the bridge commodity has done its job: it has carried an energy shock into the foundations of both mining output and food security. ■



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