

# THE SULPHURIC ACID CRISIS

China's Sulphuric Acid Export Ban and its ripple effects across global copper, silver, and agriculture markets.

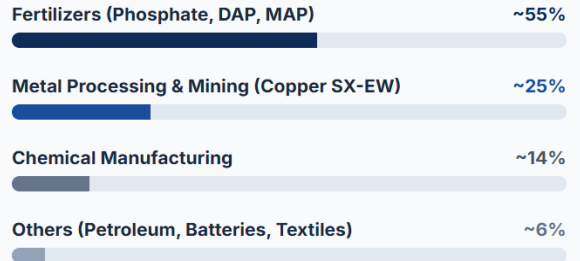
## The Catalyst

In April 2026, China announced a complete halt on sulphuric acid exports starting May 2026. Initially viewed as a domestic chemical industry policy, this disruption originated from supply constraints in the Middle East sulphur market. As global sulphur prices surged, Chinese authorities prioritized domestic demand over exports.

### ⚠️ Pre-Ban Warning Signs

Exports had already fallen 49% YoY in Jan-Apr 2026 due to quotas before the full export halt in May 2026.

## Global Application of Sulphuric Acid (H<sub>2</sub>SO<sub>4</sub>)



## China's Supply, Chile's Risk

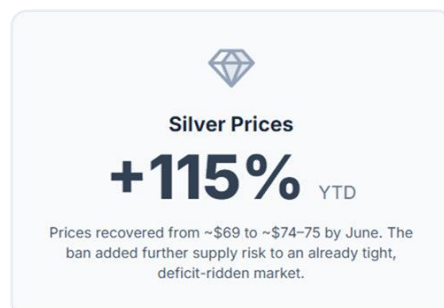
The export ban directly targets the core of global copper production. Copper leaching operations cannot efficiently continue without massive volumes of sulphuric acid.



Source: USGS, UN Comtrade, Statista, Alchempro

## Market Impact: The 2026 Price Surge

The export ban and compounding supply deficits have triggered massive year-to-date (YTD) rallies across both directly and indirectly exposed metals.



## The Price Shock Response

Sulphuric acid prices in Chile surged roughly 100%, reaching 2022 highs. In response to the supply threat, institutional banks aggressively revised copper and silver price targets upward from June 2026, relative to their December 2025 projections.

Copper Forecasts (US\$/t) <span>+46% YTD</span>		
INSTITUTION	DEC '25	JUN '26
Goldman Sachs	11,400	12,650
Bank of America	11,750	13,331
JPMorgan Chase	12,075	12,956
Deutsche Bank	10,600	12,831
Standard Chartered	10,313	12,657

Silver Forecasts (US\$/oz) <span>+115% YTD</span>		
INSTITUTION	DEC '25	JUN '26
Bank of America	60.0	85.9
JPMorgan Chase	56.3	84.3
Deutsche Bank	47.0	84.0
Standard Chartered	52.8	77.0
Citigroup Inc	54.8	73.0

Source: Bloomberg

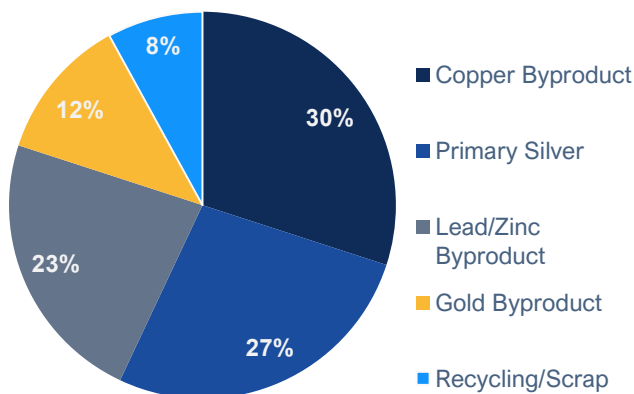
### BY-PRODUCT CONTAGION

## The Hidden Risk to Silver

A significant share of global silver is not mined directly. It is produced as a by-product of other metals. This creates a direct supply chain link: **Less sulphuric acid** → **lower copper production** → **lower by-product silver production**.

- ✓ The silver market had already been in deficit for several consecutive years, driven by solar, EVs, and AI infrastructure demand.
- ✓ China was importing record volumes of silver, exceeding 790 tonnes in Jan-Feb 2026.

### Sources of Global Silver Supply



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## Key Takeaways for Investors

### The Copper Thesis

Copper is the asset class most directly exposed to China's sulphuric acid export ban. Chile, which accounted for approximately 54% of global copper exports in 2025, sourced around 37% of its sulphuric acid imports from China.

Chile is adequately supplied for now but faces uncovered sulphuric acid demand in the second half of 2026, meaning the realized supply impact will materialize progressively through Q3 and Q4. Chile has already reported its weakest April output in 23 years. The DRC, Zambia, and Indonesia face parallel exposure.

**Catalyst:** Q2 earnings releases from major producers will be the first formal quantification of sulphuric acid-driven output constraints, transitioning the disruption from a thematic risk to a fundamental driver. The market will likely re-price again on hard data rather than forward guidance.

ETF / ETP	Ticker	Description	Price	AUM (\$M)	1Y Return
Sprott Junior Copper Miners	COPJ	Tracks mid-, small-, and micro-cap copper mining companies.	\$45.37	177	117.26%
Themes Copper Miners	COPA	Tracks companies with significant revenues from copper mining, exploration, and refining.	\$53.84	15	114.98%
Sprott Copper Miners	COPP	Invests in global companies deriving at least 50% of revenue from copper mining and production.	\$43.92	331	99.57%
iShares Copper & Metals	ICOP	Tracks an index of global companies primarily engaged in copper and metal ore mining.	\$56.11	487	95.02%

### The Silver Thesis

Silver is indirectly exposed to China's sulphuric acid export ban because ~30% of global silver production is linked to copper mining, while 70% is produced as a by-product of other metals. This risk comes amid multi-year silver market deficits, supported by strong demand from solar panels, EVs, semiconductors, and AI infrastructure.

The sulphuric acid ban has helped silver prices recover somewhat – from around \$69 in late March to around \$74-75 as of June, a gain of roughly \$5-10 per ounce. But it hasn't caused a sudden price rally on its own. Right now, the ban matters more as a reason why silver prices are unlikely to fall sharply, rather than a reason for them to shoot up quickly.

**Catalyst:** The more meaningful price catalyst is likely to materialize in H2 2026. When copper producers begin formally reporting output curtailments – attributable in part to sulphuric acid shortages – the ban will transition from a thematic risk factor to a quantifiable fundamental driver, at which point we expect a more pronounced repricing in silver.

ETF / ETP	Ticker	Description	Price	AUM (\$M)	1Y Return
ProShares Ultra Silver	AGQ	Provides 2x leveraged daily exposure to the Bloomberg Silver Subindex.	\$109.85	1,790	133.48%
abrdn Physical Silver Shares	SIVR	Physical silver ETF backed by allocated silver bullion.	\$70.38	5,060	106.82%
iShares Silver Trust	SLV	Physical silver ETF designed to reflect the performance of silver bullion.	\$66.98	35,520	106.41%
Sprott Silver Miners & Physical	SLVR	Tracks the Nasdaq Sprott Silver Miners Index and invests in silver miners and physical silver.	\$59.48	794	104.64%

Source: Bloomberg, as of 5<sup>th</sup> June 2026

## Connect with our Team

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A photograph of a person climbing a steep, rocky cliff face. The climber is wearing a red jacket and a backpack, and is secured by ropes. The background shows a clear sky and the rugged texture of the rock.

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