FIS

Coking Coal Onshore Intraday Technical

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DCE Coking Coal Active Contract (Jan 26) Intraday 4-hour

Support		Resistance		Current Price	Bull	Bear
S1	1,150	R1	1,205	1,172.5	Stochastic oversold	RSI below 50
S2	1,117	R2	1,219			
S3	1,077	R3	1,223			

Chart source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (33)
- Stochastic is oversold
- Price is below daily pivot level RMB 1,205
- Technically bearish on the last report, the MA on the RSI implied that momentum remained weak. The third wave lower now consists of 5 waves on a lower timeframe, whilst the RSI was testing support, we also note that we had a positive divergence on the sub—1 hour timeframe. We were seeing signs that sell side momentum could slow, meaning we had a note of caution on downside moves at those levels, at this point, as the technical suggested that they could struggle to hold. Key resistance was at RMB 1,272, upside moves that failed at or below this level would warn that there could be a larger, bearish Elliott wave cycle coming into play. Above this level the probability of the futures trading to a new low would start to decrease. A cautious bear, as downside moves looked like they could be limited.
- Having traded to a high of RMB 1,219 the upside moves has failed to hold, resulting in price breaking to the downside. We are below all key moving averages supported by the RSI below 50, intraday price and momentum are aligned to the sell side.
- A close on the 4-hour candle above RMB 1,205 with the RSI at or above 41.5 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below RMB 1,245 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the break to the downside means we have seen a lower timeframe Elliott wave extension, warning intraday upside moves have the potential to be countertrend in the very near-term. Upside moves that trade above the RMB 1,219 will break the fractal resistance, suggesting the lower timeframe cycle has completed, at this point the RMB 1,245 Fibonacci resistance becomes vulnerable. Market sellers should be cautious on a close above the high of the last dominant bear candle (RMB 1,208.5), as it will indicate that buyside pressure is increasing. Conversely, upside moves between 1 and 3 candles that are followed by a bear candle that has failed to close above RMB 1,208.5 will warn we could see another test to the downside.