FIS

Coking Coal Onshore Intraday Technical

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

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

Support		Resistance		Current Price	Bull	Bear
S1	1,057	R1	1,095	1,086	Stochastic oversold	RSI below 50
S2	1,040	R2	1,131			
S3	1,024	R3	1,147			

Chart source Bloomberg

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (26)
- Stochastic is oversold
- Price is below daily pivot level RMB 1,095
- Technically bearish last week, the break to the downside meant that we had seen a lower timeframe Elliott wave extension, warning intraday upside moves had the potential to be countertrend in the very near-term. Upside moves that traded above the RMB 1,219 would break the fractal resistance, suggesting the lower timeframe cycle had completed, at that point the RMB 1,245 Fibonacci resistance would become vulnerable. We noted that market sellers should be cautious on a close above the high of the last dominant bear candle (RMB 1,208.5), as it would indicate that buyside pressure was increasing. Conversely, upside moves between 1 and 3 candles that were followed by a bear candle that had failed to close above RMB 1,208.5 would warn we could see another test to the downside.
- The futures continue to sell lower having failed to produce a countertrend higher; however, we have seen two to three bearish continuation patterns highlighted last week (upside moves between 1 and 3 candles that were followed by a bear candle). 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 1,095 with the RSI at or above 30 will mean price and momentum are aligned to the buyside. Upside moves that fail at or below RMB 1,170 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.
- Technically bearish, the MA on the RSI implies momentum is weak; countering this, the RSI at 26 is now in oversold territory (below 30). With no significant pullback last week, our Elliott wave analysis continues to suggest that upside moves should be considered as countertrend, making RMB 1,170 the key resistance to follow. Above this level the probability of the futures trading to a new low will start to decrease. Fibonacci projection levels suggest we have a potential downside target at RMB 1,024 for this phase of the lower timeframe cycle; however, downside moves below RMB 1,077.5 will create a positive divergence with the RSI on the 1-hour timeframe. Not a buy signal, it is a warning that we could see a momentum slowdown, which needs to be monitored.