

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



Support		Resistance		Current Price	Bull	Bear
S1	1,137	R1	1,185	1,184	RSI above 50	Stochastic overbought
S2	1,121	R2	1,228			
S3	1,099	R3	1,261			

Synopsis - Intraday

Chart source Bloomberg

- Price is above the EMA resistance band (Black EMA's)
- RSI is above 50 (62)
- Stochastic is overbought
- Price is below daily pivot level RMB 1,166
- Technically bearish on the last report, the MA on the RSI was flat, implying momentum was turning neutral, whilst the 1-hour RSI remained in divergence. This warned us that sell side momentum could be slowing, suggesting caution on downside moves in the near-term. However, as highlighted previously, having not seen a technical pullback, our Elliott wave analysis continued to suggest that intraday upside moves should in theory be countertrend, making RMB 1,162 the key resistance to follow. Above this level the probability of the futures trading to a new low would start to decrease. We noted that key longer-term resistance is at RMB 1,228, upside moves that failed at or below this level would warn that there was the potential for a larger corrective cycle to come into play. With price in divergence, the technical suggested caution on downside moves at those levels at that point.
- The futures sold to a low of RMB 1,053.5 before moving higher on the positive divergence with the RSI. However, price has traded above the RMB 1,162 resistance. Price is above all key moving averages supported by the RSI above 50, intraday price and momentum are aligned to the buy side.
- A close on the 4-hour candle below RMB 1,166 with the RSI at or below 45.5 will mean price and momentum are aligned to the sell side. Upside moves that fail at or below RMB 1,228 will warn that there could be a larger corrective cycle in play.
- Technically bearish, the probability of the futures trading to a new low with in this phase of the cycle has started to decrease. The MA on the RSI implies that momentum is supported; countering this, the 1-hour RSI now has a negative divergence in play. Not a sell signal, it is a warning that we could see a momentum slowdown, which needs to be monitored. Downside moves that hold at or above RMB 1,099 will support a near-term bull argument, leaving resistance levels remain vulnerable. However, upside moves that fail at or below USD 1,228 will warn that is the potential for a larger corrective phase to come into play. The 1-hour RSI is divergent, whilst the 4-hour RSI is at 62.7, with resistance at 66; for this reason, we now have a note of caution on upside moves, as the technical suggest that they could struggle to hold.