

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



Support		Resistance		Current Price	Bull	Bear
S1	1,053	R1	1,109	1,082.5	Stochastic oversold	RSI below 50
S2	1,029	R2	1,185			
S3	984	R3	1,228			

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (40)
- Stochastic is oversold
- Price is below daily pivot level RMB 1,109
- Technically bearish last week, the probability of the futures trading to a new low within this phase of the cycle had started to decrease. The MA on the RSI implied that momentum was supported; countering this, the 1-hour RSI had a negative divergence in play. Not a sell signal, it warned that we could see a momentum slowdown, which needed to be monitored. Downside moves that hold at or above RMB 1,099 would support a near-term bull argument, leaving resistance levels vulnerable. However, upside moves that failed at or below USD 1,228 would warn that was the potential for a larger corrective phase to come into play. The 1-hour RSI was divergent, whilst the 4-hour RSI is at 62.7, with resistance at 66; for this reason, we had a note of caution on upside moves, as the technical suggest that they could struggle to hold.
- The futures traded to a high of RMB 1,192.5; however, due to the negative divergence in play, price has sold below the RMB 1,099 support. 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 1,109 with the RSI at or above 52.5 will mean price and momentum are aligned to the buyside. 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 MA on the RSI implies that momentum is weakening. The move below RMB 1,099 indicates we have seen the rejection of the RMB 1,228 resistance, warning the RMB 1,053.5 fractal low is now vulnerable. However, below this level the futures will be in divergence with the RSI, not a buy signal, it is a warning that sell side momentum could slow, implying caution on downside breakouts below this level. Support is vulnerable due to the rejection of the RMB 1,228 resistance.

Chart source Bloomberg