

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



| Support | Resistance | Current Price | Bull                | Bear         |
|---------|------------|---------------|---------------------|--------------|
| S1      | R1         | 1,035         | Stochastic oversold | RSI below 50 |
| S2      | R2         |               |                     |              |
| S3      | R3         |               |                     |              |

Synopsis - Intraday

- Price is below the EMA resistance band (Black EMA's)
- RSI is below 50 (32)
- Stochastic is oversold
- Price is below daily pivot level RMB 1,081
- Technically bearish on Tuesday, the MA on the RSI implied that momentum was weakening. The move below RMB 1,099 indicated that we had seen a rejection of the RMB 1,228 resistance, warning the RMB 1,053.5 fractal low was vulnerable. However, below this level the futures would be in divergence with the RSI, not a buy signal, it warned that sell side momentum could slow, implying caution on downside breakouts below this level. Support was vulnerable due to the rejection of the RMB 1,228 resistance.
- The futures have sold lower, resulting in the RMB 1053.5 fractal low being broken. 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 1,081 with the RSI at or above 43 will mean price and momentum are aligned to the buyside. Up-side moves that fail at or below RMB 1,138 will warn that there could be further downside within the corrective phase, above this level the probability of price trading to a new low will start to decrease.
- Technically bearish, the MA on the RSI implies that momentum is weak; however, the new low means that the futures are now in divergence with the RSI. Not a buy signal, it is a warning that we could see a momentum slowdown, which will need to be monitored. For this reason, we are now cautious on downside moves at these levels, as the technical warns that they could be limited. If price and momentum become aligned to the buyside, or we close above the high of the last dominant bear candle (RMB 1,073), it will indicate that buyside pressure is increasing, meaning the RMB 1,138 resistance could come under pressure. This is now the key resistance to follow, if broken, then the probability of the futures trading to a new low will start to decrease.

Chart source Bloomberg