

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

Support	Resistance	Current Price	Bull	Bear
S1	1,158	R1	1,184	
S2	1,047.5	R2	1,198	
S3	1,135.5	R3	1,215	

Synopsis - Intraday

- Price is above the EMA support band (Black EMA's)
- RSI is above 50 (52)
- Stochastic is above 50
- Price is above daily pivot level RMB 1,158
- Technical outlook last week: neutral. The technical structure remained neutral on the basis we were yet to make a lower low; however, the depth of this pullback and subsequent rejection of the intraday 200 period MA suggested the recent rally was not bullish impulse, this implied that support levels were looking increasingly vulnerable. The counter argument to this is that below RMB 1,107 the intraday RSI would be in divergence, not a buy signal it warned that we could see a momentum slowdown, this needed to be monitored. If the divergence failed, it would leave the futures open to further downside moves. With the rejection of the 200-period MA alongside the bullish Elliott wave failure, we were becoming increasingly cautious on upside moves at that point.
- The futures failed to trade to a new low due to the threat of the divergence, resulting in price trading higher, before entering a consolidation phase. We are above all key moving averages supported by the RSI above 50, intraday price and momentum are conflicting.
- A close on the 4-hour candle above RMB 1,158 with the RSI at or above 54 will mean price and momentum are aligned to the buy side. Likewise, a close below this level with the RSI at or below 49.5 will mean it is aligned to the sell side.
- Technical outlook: Neutral.
- In theory, the move above USD 1,198 means that the technical has re-entered bullish territory. However, price has entered a consolidation pattern in the form of a symmetrical pattern, this is a neutral structure as it has both ascending and descending support lines. In theory, directional bias should come from a close that holds outside of the pattern; current trend support and resistance is between RSM 1,158—RMB 1,184.

Chart source Bloomberg