



# Coking Coal Onshore Intraday Technical

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## DCE Coking Coal Active Contract (Sep 26) Daily



	Support	Resistance	Current Price	Bull	Bear	
S1	1,224	R1	1,245.5		ROC below 0	
S2	1,187	R2				1,361
S3	1,153	R3				1,401

### Synopsis - Intraday

Chart source Bloomberg

- Price is above the 50-period SMA
- 21– period ROC is above 0 (4)
- Price is below weekly pivot RMB 1,187
- Technical outlook previously: Negative divergence in play
- We noted on the previous report that the upside move to a new high was not being replicated by either the 10-or-21-period ROC’s, meaning we had a negative divergence in play. This was not a sell signal, it warned that price could enter a corrective phase. From a technical perspective, the divergence implied caution on higher moves. However, the bull candle on the 26/05 was on exceptionally high volume, suggesting the candle range between RMB 1,152.5 and the Fibonacci support at RMB 1,214 had the potential to act like a support zone. Throwbacks that breach the RMB 1,214 level would reduce the probability of price trading to a new high. With China ordering a review of the implementation of mine safety measures, focus should be on the news wire to see how this will effect production. If it did, then the divergence will have a high probability of failing.
- The futures continued to see bid support resulting in price trading to a high of RMB 1,486.5 before entering a corrective phase. The 10–period ROC divergence did fail, the 21–period did not. Price is below the 50–period MA while the 21–period ROC is below 0.
- Upside moves that fail at or below RMV 1,401 will leave the futures vulnerable to further tests to the downside, above this level the technical will re-enter bullish territory.
- Technical outlook: neutral
- Lower timeframe Elliott wave analysis suggests that upside moves should be considered as countertrend, providing the RMB 1,401 resistance is not breached. However, RMB 1,225—RMB 1,125 is the most heavily traded area in the last 12 months, suggesting if tested it could attract buyside support. Based on the support, the futures are not considered a technical sell at this point; conversely, upside moves could struggle to hold, hence the neutrality.

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