Coking Coal Onshore Intraday Technical

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DCE Coking Coal Active Contract (Jan 27) Daily



Support		Resistance		Current Price	Bull	Bear
S1	1,509	R1	1,611	1,611	ROC above 50	
S2	1,458	R2	1,733			
S3	1,403	R3	1,783			

Synopsis - Intraday

Chart source Bloomberg

- Price is above the 50-period SMA
- 21– period ROC is above 0 (30)
- Price is above weekly pivot RMB 1,509
- Technical outlook previously: infection point
- Caution on downside breakouts
- We noted previously that the break in trend support was countered by a bullish engulfing candle, implying there is underlying support in the market. If the 21 period ROC started to close and hold above its resistance line it would signal that momentum pressure is increasing, warning we could see further buyside support; however, momentum support did not always equate to bullish price action, it was just a warning. Downside moves below RMB 1,225.5 have the potential to create a positive ROC divergence, implying market sellers should act with caution below this level if the divergence was met with bullish price action. Upside moves above RMB 1,284 would reduce the probability of price trading to a new low in the near-term. We identify RMB 1,397 as the key longer-term resistance, as a rejection at or below this level would signal a more complex corrective phase. With a potential divergence coming into play, we were cautious on downside breakouts to new lows, as this would also put price into the support zone highlighted on the chart..
- Having initially seen light bid support the futures traded back into the support zone. Having traded at a low of RMB 1,170.5 the futures eventually found bid support on the positivize divergence. We have gapped higher on the roll into the Jan 27 contract, price is above all key moving averages supported by the RSI below 50.
- Downside moves that hold at or above RMB 1,328 will support a bull argument, below this level the technical will have a neutral bias.
- Technical outlook: Downside moves considered as countertrend.
- Th futures are now testing the RMB 1,614 resistance, this is the 100% Fibonacci projection of the A-B = C-D pattern highlighted. The resistance has the potential to attract some profit taking; however, a close and hold above RMB 1,614 would support a buyers argument, warn the RMB 1,733 resistance could be tested. Conversely, throwbacks below RMB 1,546, supported by the 21-period ROC breaking trend support, would indicate that sell side pressure is increasing. While trading on D (RMB 1,614) we do have a cautious approach to higher moves.

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