FIS Coking Coal Onshore Intraday Technical

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DCE Coking Coal Active Contract (Jan 27) Daily



Support		Resistance		Current Price	Bull	Bear
S1	1,371	R1	1,466	1,446	Stochastic oversold	RSI below 50
S2	1,297	R2	1,560			
S3	1,266	R3	1,599			

Synopsis - Intraday

Chart source Bloomberg

- Price is below the 50-period SMA
- The RSI is below 50 (35)
- Price is below the weekly pivot RMB 1,504
- Technical outlook previously: momentum trend break
- testing MA support
- The corrective move lower last week meant that price was testing the 50-period SMA at CNY 1,455 while the RSI was testing the 40 level. If price and momentum held, then the futures would be vulnerable to a move higher. However, a close and hold below the MA with the RSI moving below 40 would suggest technical weakness, leaving the CNY 1,371 support vulnerable. We identified this as a key level on the technical, as throwbacks that held at or above CNY 1,371 would warn that there could be a larger bullish Elliott wave cycle in play. Conversely, upside moves that failed at or below CNY 1,665 would suggest that the corrective phase had the potential to become more complex. With price approaching the 50-period MA support, we have a cautious approach to lower moves while above the average.
- The futures have closed below the 50-period SMA at CNY 1,466; however, price continues to trade around the average. The RSI remains below 50.
- Upside moves that fail at or below the RMB 1,652 level would leave price vulnerable to further tests to the downside, above this level the technical would re-enter bullish territory.
- Technical outlook: Inflection point
- The futures have closed below the rising 50-period SMA; however, we are yet to see bearish follow through, meaning we are at an inflection point. If we hold below the average and sell lower, then the CNY 1,371 support would become vulnerable, as the RSI is already below 40. Conversely, caution would be warranted on a close back above the average, supported by the RSI reclaiming the 40 level, as it would signal underlying support in the market. The lack of sell side pressure following the close below the average (which is rising, indicating that the broader trend remains bullish), does mean we have a cautious approach to lower moves at this point, as we need to move lower to confirm the break.

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