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HD **Traders look to gold as global data causes nervousness**

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With key factors such as how the West might respond to geopolitical tensions in Ukraine and continued emphasis on the **Chinese** economy, derivative traders are likely to focus this week on **gold** on the upside and selling pressure on **equity** market, according to derivative market watchers.

With **gold** one of the best performing asset classes so far in 2014, trading advisers like Rivkin Global investment manager Timothy Radford have increasingly been adopting a long bias in their trading portfolios.

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They will be looking to developments in the Ukraine as well as euro zone and American inflation data to further fuel any upward trend in **gold**.

Gold, currently trading at six-month highs, notes senior market analyst at ThinkForex, Matt Simpson, should continue to attract attention as traders seek safe havens while the tension in Crimea continue. While Asian trading on Monday saw **gold** rally towards the $US1395 resistance level, the next likely move beyond is $US1400.

Local sharemarket action also focused on **gold** and **gold** shares, observed CMC Markets chief strategist Michael McCarthy, with Newcrest **Mining** stocks climbing above $12 and **gold** issues offsetting falls across the **mining** sector.

That said, a fair bit of the market action focused on ex-dividend stocks, especially Woolworths, where the more that 2 per cent decline represented not only the value of its dividend but also of its attached franking credits. This dragged down the consumer staples sector while the nearly 3.5 per cent share price decline in takeover target Leighton to $20.65 suggested investors were likely to accept a $22.50 bid from Hochtief.A pattern of consolidation

One thing to note about the Australian market is the S&P/ASX 200 index has gone nowhere so far in 2014. Monday saw it below its 2013 close which technical market followers like CMC's Ric Spooner was not surprising given generally full valuations for a lot of stocks.

From a technical perspective, one of the emerging possibilities is the market is forming a large consolidation pattern. The fact the index formed a peak at the same level as its last major peak in October, reckons Spooner, creates the possibility a large ascending triangle is forming.

The boundaries of this formation would be the recent peak of 5457 and an upward sloping trend line at around 5070. This is a range of about 7 per cent of the index. Closer by, the 38.2 per cent Fibonacci retracement of the last major rally provides potential support around 5300.

Despite background concerns over **China**'s economy, investors in the big resource stocks will appreciate confirmation BHP Billiton will move to implement a buyback when its debt falls to $25 **billion**. On current projections this looks likely to occur in the middle of this year and will be a supportive element for the Australian index's largest stock which dipped below $35.50 on Monday.

This attracted a derivative strategy from Ord Minnett's Wai-Yee Chen of buying August BHP call option for a recovery plus a dividend.

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