The US-led coalition achieved important victories during the month in Northern Aleppo (Manbij and Al-Rai), recovering part of ISIS core terrain and disrupting its ability to strengthen its position. Turkish army launched a military operation against ISIS in Northern Syria to seize the entire ISIS-held border territories of Northern Syria. The operation also prevented the Kurdish YPG units to seize more territories near Turkish border. Tensions in Crimea between Ukraine and Russia escalated to their highest level since 2014, increasing risks of a new crisis. Instability in North Africa continued to be severe and rose in some Latin American countries. Europe and Asia remained calm although risks of terrorism and an escalation of maritime tensions still exist.

Geopolitical conflicts continued at worrisome levels during August…

Despite some important setbacks, ISIS conducted several attacks in the Middle East. ISIS lost control of important areas in Northern Aleppo, but they carried out significant attacks in Yemen, Pakistan and Afghanistan.

**Turkey military forces entered Syria territory**

Turkish army launched a military operation in Northern Syria against ISIS to recapture Jarabulus.

**New Russian military escalation in Crimea**

Tensions between Ukraine and Russia erupted again during the month after Russia accused Ukrainian security forces of attempting to enter Crimea.

During August, the BBVA Research World Conflict Intensity Index1 remained at similar critical levels than July, above the long term average:

- **In Syria**, ISIS lost the control of important areas in Northern Syria and the entire Turkey-Syria border thanks to the advances of the US-led coalition and recent Turkish military operation. On 24 Aug, Turkey military forces and backed Free Syrian Army (FSA) launched a military operation against ISIS called Euphrates Shield aimed to clean ISIS from the border territories and to prevent YPG to create a Kurdish corridor in Northern Syria. Thanks to Turkey’s military support, the FSA cleansed ISIS units from the entire Turkey-Syria border. The YPG was also forced to freeze its plans to expand its territories. These setbacks to ISIS could disturb its ability to reinforce its core terrain, while Al Qaeda is gaining strength. In Iraq, the Iraqi Security Forces continued to set conditions for future operations to retake Mosul. In Afghanistan, Taliban militants successfully expanded across several regions in August.

- **ISIS conducted several attacks in Pakistan, Afghanistan, Yemen, Iran and Turkey** during the month, apart from its core terrain in Syria and Iraq. ISIS also carried out some small scale attacks in Europe.

---

1: Details about methodology can be found in the following link: [Methodology, tracking protests and conflicts](#).
- In Eastern Europe, tensions between Ukraine and Russia erupted in Crimea during the month after Russia accused Ukrainian security forces of attempting to enter Crimea. Russia rapidly escalated its military build-up on Ukraine’s northern, eastern and southern borders and Ukrainian troops were deployed to the de-facto Crimean border and are on high combat alert (see our hot topic Ukraine: new Russian military escalation in Crimea). The conflict intensity index in the Caucasus fell slightly during the month, while instability is increasing again in the Balkans in part due to the unsolved refugee crisis.

- In Asia, tensions about territorial claims in the South China Sea continued. Tensions increased after the announcement by The Hague that China has no legal basis for claiming longstanding rights over most of the South China Sea. China’s Supreme Court announced that people caught fishing in “Chinese” waters could be jailed for up to a year, while the Minister of Defence warned that China should prepare for a “people’s war at sea”. North Korea continued its processing of nuclear materials and fired ballistic missiles to protest against US deployment of THAAD systems in South Korea.

![Image of Conflict Intensity Index](source: www.dgelt.org & BBVA Research)
... in line with social unrest

The World Protest Index fell slightly in August (as shown by our BBVA Research World Protest Intensity Index), but is still above the long-term average. According to the BBVA Research World Protest Intensity Map, the key takeaway facts were the following:

- In regional terms, Europe’s demonstrations remained calm while in Emerging Europe, protests in the Balkans heightened in some countries due to the migrant crisis. Instability in the Middle East and North Africa is still at extreme levels. Social unrest continued to be on the rise in some Latin American countries and Eastern Asia remained stable.

- In Western Europe, the social climate was quite stable during the summer and eased for the second consecutive month in Greece, but it is still at high levels as the refugee crisis remains unsolved.

- In Emerging Europe, pressures in the Balkans continued to be significant; they erupted again in Montenegro and continued in Bosnia and Hungary. They also rose in Croatia, Kazakhstan, Azerbaijan and Ukraine. On the other hand, social instability eased slightly in Turkey, Georgia and Armenia.

- In North Africa and the Middle East, instability has remained at high levels throughout the area since 2015, especially in North African countries. In the Middle East, instability strengthened in Yemen because of the intensification of the strikes by the Saudi-led coalition and ISIS attacks, but started to ease in Jordan, Iraq and Iran.

- In Latin America, social tensions rose in Venezuela, Brazil and Peru and continued in Mexico and Chile.

- In Asia, social unrest continued to be limited, mainly concentrated in Hong Kong, India and Pakistan. Social pressures decreased in Afghanistan and Korea after last month increase.

Summing up

The Middle East and North Africa continued to be the key world hot spots with the highest social unrest and conflict levels. The ISIS offensive is one of the main threats in the area despite some victories of the pro-regime forces, the US-led coalition and the ISF during last months. Apart from social unrest and political noise in Latin America, the rest of the world remained stable with focused areas of instability in Emerging Europe and Asia given the Refugee crisis and the Sea territorial claims respectively.

2: Details about methodology can be found in the following link: Methodology, tracking protests and conflicts.
DISCLAIMER

This document has been prepared by BBVA Research Department, it is provided for information purposes only and expresses data, opinions or estimations regarding the date of issue of the report, prepared by BBVA or obtained from or based on sources we consider to be reliable, and have not been independently verified by BBVA. Therefore, BBVA offers no warranty, either express or implicit, regarding its accuracy, integrity or correctness.

Estimations this document may contain have been undertaken according to generally accepted methodologies and should be considered as forecasts or projections. Results obtained in the past, either positive or negative, are no guarantee of future performance.

This document and its contents are subject to changes without prior notice depending on variables such as the economic context or market fluctuations. BBVA is not responsible for updating these contents or for giving notice of such changes.

BBVA accepts no liability for any loss, direct or indirect, that may result from the use of this document or its contents.

This document and its contents do not constitute an offer, invitation or solicitation to purchase, divest or enter into any interest in financial assets or instruments. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

In regard to investment in financial assets related to economic variables this document may cover, readers should be aware that under no circumstances should they base their investment decisions in the information contained in this document. Those persons or entities offering investment products to these potential investors are legally required to provide the information needed for them to take an appropriate investment decision.

The content of this document is protected by intellectual property laws. It is forbidden its reproduction, transformation, distribution, public communication, making available, extraction, reuse, forwarding or use of any nature by any means or process, except in cases where it is legally permitted or expressly authorized by BBVA.