Israeli offensive continues & protests increase in Europe

Israel continued with their intense offensive in Gaza, where the death toll has exceeded 11,000 since October, according to Gaza's Health Ministry. Humanitarian pauses in the region have facilitated hostage talks through Qatar and Egypt, though uncertainties remain (Link). Meanwhile, in the West, the response continues to be diffuse:

- The US continues to make efforts to contain the conflict and avoid a potential extension. However, the focus of attention has changed to the next bilateral summit between US and China this Wednesday.
- The UK Interior Minister Suella Braverman was dismissed following accusations on political bias against the police (accused of being Pro-Palestinian).
- France saw over 180,000 people marching against rising antisemitism amid the Israel-Hamas conflict, reflecting the heightened tensions across Europe.
- In Spain, the protest sentiment jumped on local issues as protests mounted against President Sánchez’s amnesty deal.
- The Arab World convened a summit to present a common stance against the Israeli bombardment in Gaza. Traditional enemies as Iran and S.Arabia agreed on condemn Gaza attacks, called for an arms embargo against Israel and said the conflict will not be solved until solving the Palestinian Issue.

Meanwhile, Israel and the US warn of the risks of a wider war in the Middle East, as Lebanon’s Hezbollah and the Israeli military step up cross-border attacks against each other and other Iran-backed militias in Syria and Iraq strike American troops (Link).

The BBVA Monitor: Watch Out for Protests

While risk levels in the Middle East continue to be extreme, there are signs of stabilization and moderation in the geopolitical indices of the EU and the USA, though they remain at elevated risk levels. Economic Policy Indices have so far remained neutral or safe. Key developments over the past week include (Fig3):

- The levels of Geopolitical & Conflict sentiment remain at “Extreme Risk” in the Middle East, while sentiment is returning to Normal in some EU Countries (Germany, Italy & Turkiye) (Fig1 & Fig2).
- The Political Indexes sentiment remains at high risk levels in the Middle East, but eased in some European countries too (UK) (Fig2 & Fig3).
- The Protest Indexes need to be monitored in the Middle East (Egypt, Israel and S. Arabia) and some Western countries (UK, Germany and Turkey). Spain jumped to extreme risk given local issues.
- The Economic Policy Uncertainty remains resilient since the beginning of the Conflict somehow helped by recent Central Bank decisions and the displacement of economic news is supporting.
Fig 3. BBVA Research Geopolitics Monitor "Signal" Changes after Hamas-Israel Conflict
(Signals in Geopolitical Risk, Political Tensions, Economic Policy Uncertainties, Protest and Conflict according to Standard Dev)

Source: BBVA Research and www.gdelt.org

Fig 4. PROTEST SENTIMENT INDEX: M.EAST
(28-day weighted moving avg. normalized by its own history)

Source: BBVA Research & www.gdelt.org

Fig 4. POLITICAL SENTIMENT: EUROPE
(28-day weighted moving avg. normalized by its own history)

Source: BBVA Research & www.gdelt.org

Fig 5. BBVA Research Protest and Conflict Heat Maps
(Evolution of Protest and Conflict over time by regions)

Source: BBVA Research and www.gdelt.org
Methodological annex: indicators’ construction

We have developed a daily tracker with weekly updates to monitor protest and conflict indicators for every country in the world from 2019 to present day. To construct this, we use a rich ‘big database’ of international events (GDELT), created by Leetaru and Schrodt (2013). GDELT is an open-source database which extracts and parses digital news monitoring world events covered by news media from nearly every corner of the world, whether broadcast, printed or published on the web, in over 100 languages, every moment of every day, updated every 15 minutes. Thus, it contains a comprehensive and high resolution catalog of geo-referenced events and themes.

Using different dictionaries, several thousands of taxonomies and themes are identified in the news pieces to classify the information. The algorithms used by GDELT also identify emotions, organizations, locations, news sources and events across the world as well as their average sentiment using Natural Language Processing (NLP) techniques and the lexicon approach.

The included indicators are:

- Geopolitical Risk: or sentiment (weighted by coverage) of the country’s geopolitical risk perception.
- Political Tensions: or sentiment (weighted by coverage) of the country’s political tensions.
- Economic Policy Uncertainty or sentiment (weighted by coverage) about the country’s economic policy uncertainty, also disaggregated by media origin.
- Protests or coverage regarding social protests or unrest in the country.
- Conflict or coverage of armed conflicts, which go beyond verbal protests.
- Bilateral Tensions or the sentiment (weighted by coverage) between a specific pair of countries that appear together in the news article (plus NATO and EU).

The indicators track the evolution of tensions and are normalised by its own country history since 2019, thus they are all expressed in terms of standard deviations from their historical patterns. Indicators usually lie within the range [-1,1]. Therefore, when the values exceed one (the upper boundary of the range), this means escalating tensions. While it’s possible to observe simultaneous tensions arising in multiple countries (for example, due to geopolitical events affecting several nations, as seen in some of our heatmaps), using these indicators for direct quantitative comparisons of risk levels between countries is not recommended.

We apply a weighted moving average of 28 days (to include four complete weeks with the same number of days of the weeks) to reduce noise of daily information and identify signals more clearly. The weights have been calculated using a discrete geometric distribution such that it puts more weight on recent data and less on past data (see Graph 1). Aggregating by weeks, the weight of the most recent week has a weight of 68%, the past week 22%, the previous 7% and the fourth 3%. The weight of the 28 days can be seen in the following image. In such a way, the indicators reflect what is happening in the last days.
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