

Geopolitics

BBVA Research Big Data Geopolitics Monitor

Big Data Unit
28 November 2023

The Hamas-Israel truce eased tensions in the Middle East

The truce between Hamas and Israel was finally approved last week and extended for two days more after intense diplomatic negotiations including several countries. During the weekend, Hamas released 17 hostages held in Gaza, including a 4-year-old American girl. In return, Israel released 39 Palestinian prisoners. This was part of the ongoing truce and negotiations between the two sides.

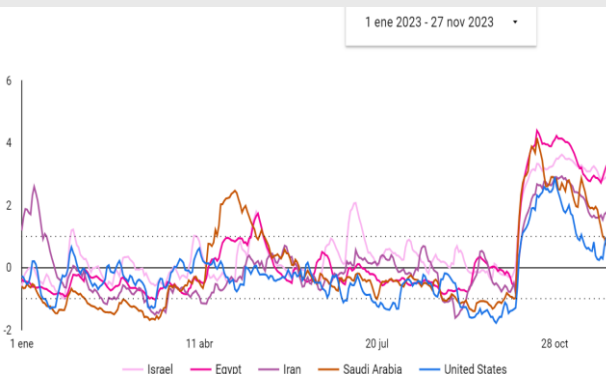
- **The United Nations Secretary-General welcomed the extended Gaza truce, but commented that it is insufficient** to meet the aid needs of the region.
- **The US Secretary of State Antony Blinken is scheduled to visit Israel, the West Bank and the UAE** to continue diplomatic efforts related to the Gaza situation.
- **The EU is committed to step up aid deliveries to Gaza during the truce.** The EU's development aid for Palestinians is substantial, with approximately 1.2 billion euros earmarked for 2021-2024. However, plans for 75.6 million euros intended for Gaza infrastructure projects have been halted due to feasibility concerns.
- **Iran continues to maintain a low profile, but it has been accused of instigating the Yemeni Houthis attacks on Israel.**
- **Israel's PM Netanyahu "strongly condemned" comments by Spanish and Belgian PMs** who criticized Israel's attacks on civilians in the Gaza strip during a visit to Rafah on Friday. Israel also summoned the Irish ambassador over comments of PM Varadkar.

The BBVA Monitor: The Truce relaxes some risks, but some EU tensions spike on diplomatic woes

There were signs of stabilization-moderation in the geopolitical risk indices in most of the countries due to the truce between Hamas and Israel. Some Geopolitical Indexes in EU deteriorated amid diplomatic tensions with Israel:

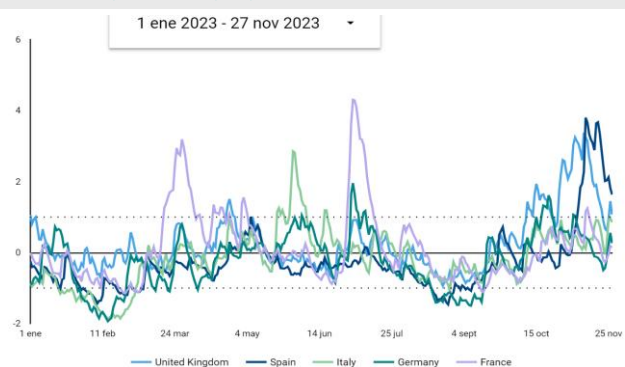
- **The levels of Geopolitical & Conflict sentiment indexes softened in the Middle East, but still at high risk in most of the countries (Egypt returned to neutral). Some EU countries (Italy, UK & Spain) picked up on raising diplomatic tensions with Israel (Fig1 & Fig2).**
- **The Political Indexes remain neutral in most of the countries with some exceptions in the Middle East (Israel and Egypt) (Fig2 & Fig3).**
- **The Protest Indexes have been benefited with the truce in the Middle East, where most countries returned to normal. In EU countries the situation is calm, although still high indexes in some of them (UK & Spain for local reasons).**
- **The Economic Policy Uncertainty remains resilient** since the beginning of the conflict helped by recent Central Bank decisions and the displacement of economic news to conflict ones.

Fig1. **GEOPOLITICAL SENTIMENT: M EAST & US**
(28-day weighted moving average, normalized by its own history)



Source: BBVA Research & www.gdelt.org. Positive (negative) values indicate greater (lower) risk relative to the mean of period 2021-nowadays

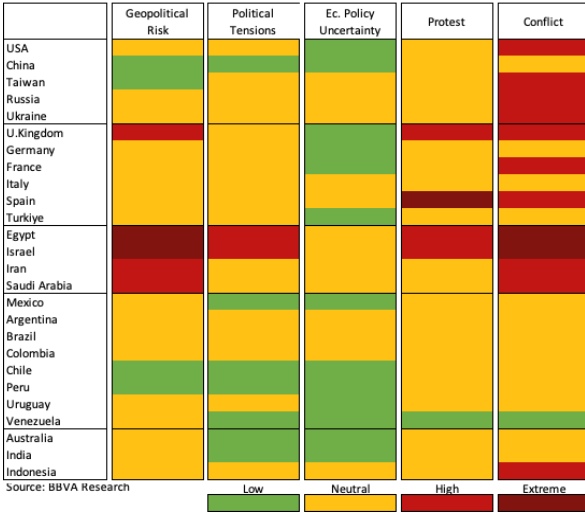
Fig2. **PROTEST SENTIMENT INDEX: EUROPE**
(28-day weighted moving avg, normalized by its own history)



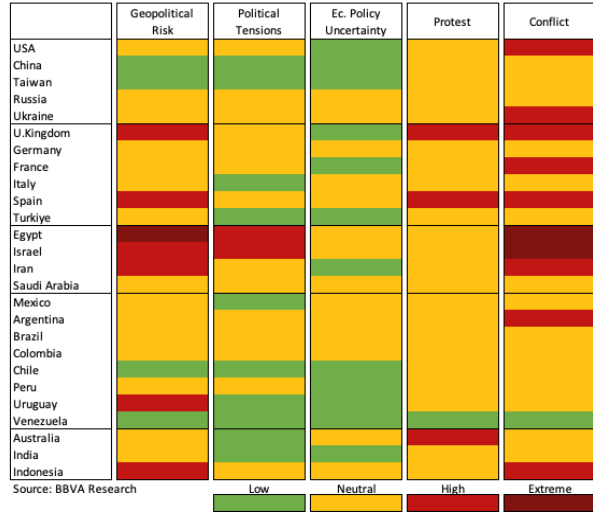
Source: BBVA Research & www.gdelt.org. Positive (negative) values indicate greater (lower) risk relative to the mean of period 2021-nowadays

Fig3. 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)

Summary of Signals Before Hamas-Israel Conflict (November 20th)
(News Sentiment Map. Sentiment relative to average sentiment in each country)

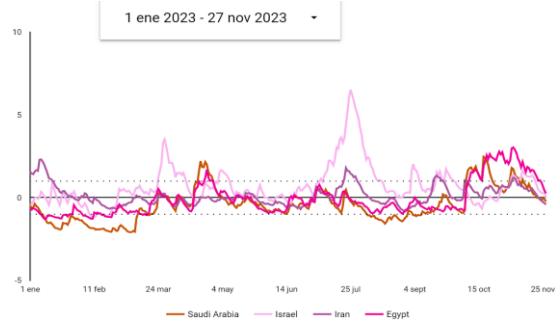


Summary of Signals After Hamas-Israel Conflict (November 28th)
(News Sentiment Map. Sentiment relative to average sentiment in each country)



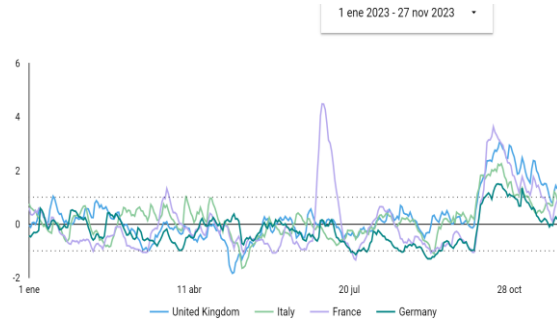
Source: BBVA Research and www.qdelt.org

Fig4. PROTEST SENTIMENT INDEX: M.EAST
(28-day weighted moving avg, normalized by its own history)



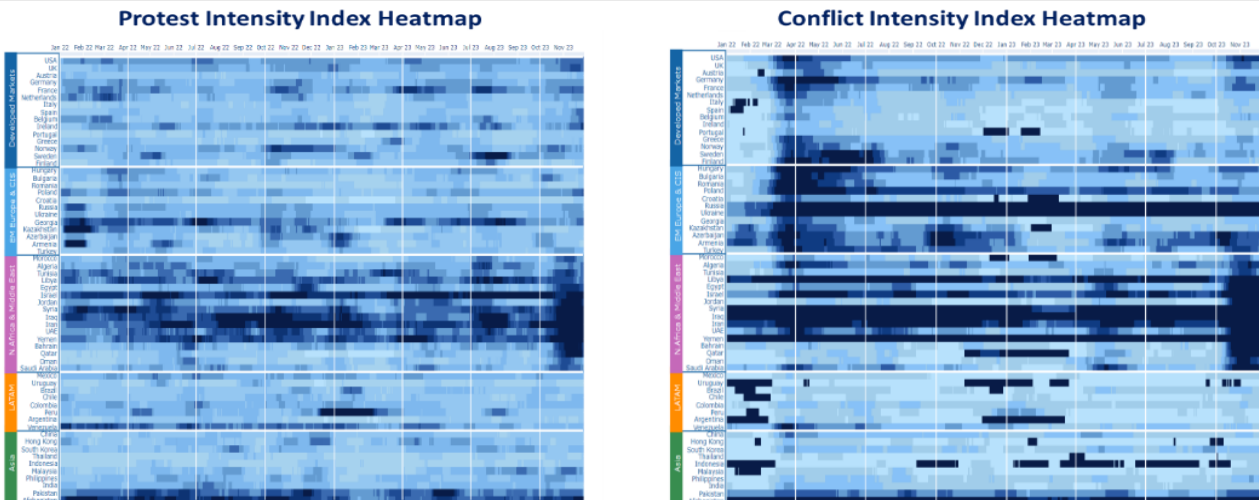
Source: BBVA Research & www.qdelt.org. Positive (negative) values indicate greater (lower) risk relative to the mean of period 2021-nowadays

Fig5. POLITICAL SENTIMENT: EUROPE
(28-day weighted moving avg, normalized by its own history)



Source: BBVA Research & www.qdelt.org. Positive (negative) values indicate greater (lower) risk relative to the mean of period 2021-nowadays

Fig6. BBVA RESEARCH PROTEST AND CONFLICT HEAT MAPS
(Evolution of Protest and Conflict over time by regions)



Source: BBVA Research and www.qdelt.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 Schrodtt (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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