

Geopolitics

BBVA Research Big Data Geopolitics Monitor

Big Data Unit
05 December 2023

The Hamas-Israel conflict revives as the truce was finally over*

The end of the extended truce has resulted in a **rapid intensification of the conflict**. Israeli airstrikes have killed hundreds of people in the Gaza Strip after a weeklong truce collapsed, while Israel has intensified its ground campaign in southern Gaza, causing residents to flee ([link](#)). The Israeli security chief has vowed to hunt down Hamas abroad ([link](#)). The reaction of the different players has been the following:

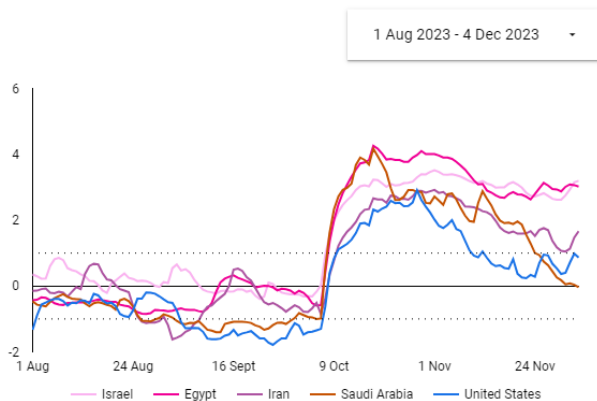
- **United Nations:** The UN has declared the situation in Gaza, with over 1.8 million displaced people, a major humanitarian crisis.
- **United States:** The US has stated Israel has the right to defend itself, but it has warned against operations in southern Gaza unless Israel can demonstrate plans for protecting civilians. The US has also offered humanitarian assistance and is involved in addressing the hostage situation.
- **European Union:** The EU, along with Arab states, supports a two-state solution and emphasizes the need for the Palestinian Authority to rule Gaza.
- **Regional Security Concerns:** Two merchant ships were hit by drone attacks in the Red Sea, raising maritime security concerns. The UK condemned these attacks, attributing them to Iran-backed Houthi militants and emphasizing the importance of safe shipping in the region. An US airstrike in Iraq killed five militants near Kirkuk, identified as members of an Iran-backed militia, who were preparing to launch attacks on US forces.

The BBVA Monitor: Neutral Levels dominate despite the end of the truce

The end of the truce reverted the easing risk trend in the Middle East, but most of the indicators contributed to maintain neutral levels in the rest of the countries so far. Only the Geopolitical sentiment in Israel and Egypt increased to extreme levels:

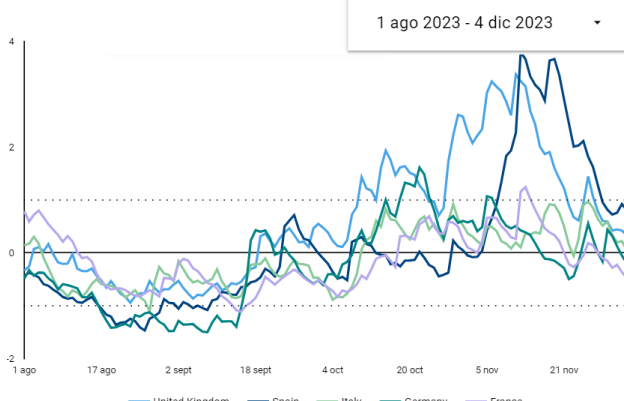
- The **levels of Geopolitical & Conflict sentiment indexes picked up in the Middle East as the truce finalized with Egypt and Israel in extreme risk levels. In the EU, only France stayed at sentiment risk levels, while the US geopolitical index is near the high risk** (Fig1 & Fig2).
- The **Political 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 the EU, the UK & Spain protest indexes receded and returned to neutral.**
- The **Economic Policy Uncertainty remained 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)

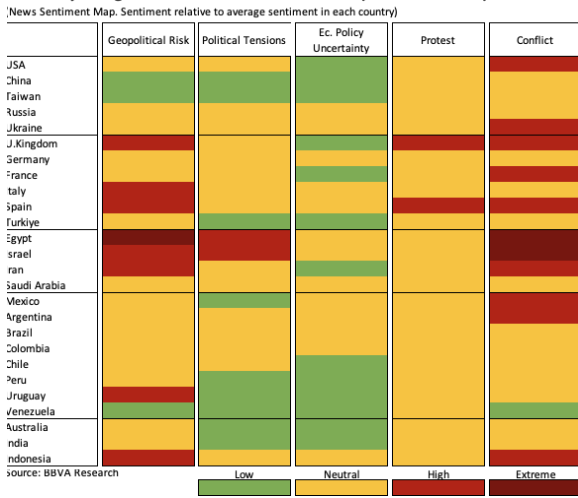


Source: BBVA Research & www.gdelt.org. Positive (negative) values indicate greater (lower) risk relative to the mean of period 2021-nowadays

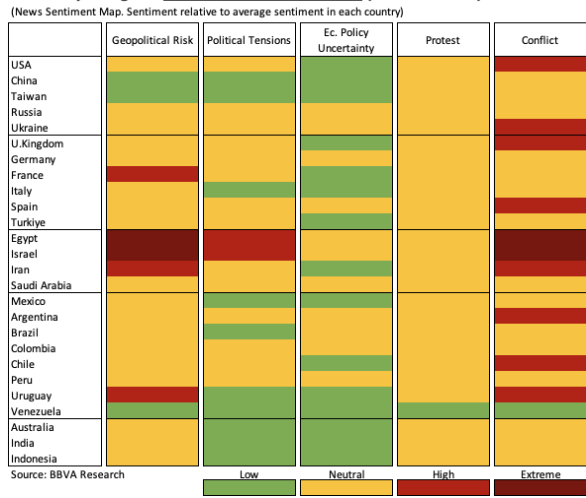
*The selection of news has been enriched by the BBVA Research Geo Assistant developed with Chat-GPT.

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 After Hamas-Israel Conflict (November 27th)



Summary of Signals After Hamas-Israel Conflict (December 5th)



Source: BBVA Research and www.gdelt.org

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



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

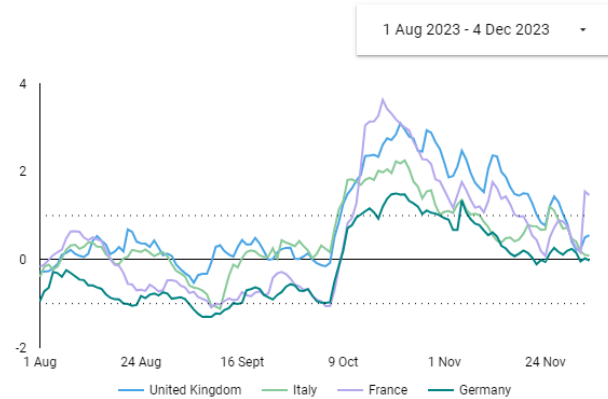
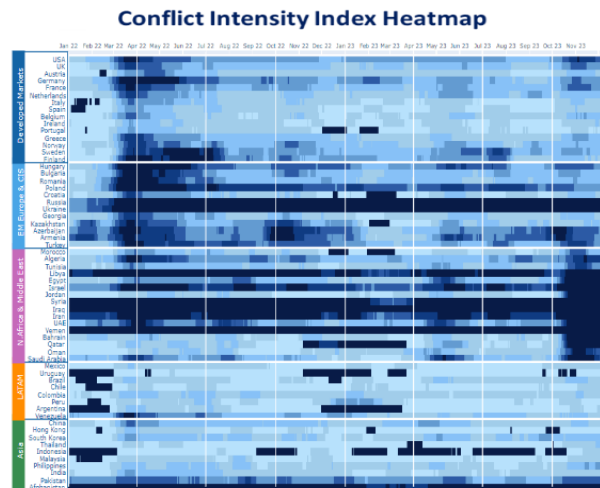
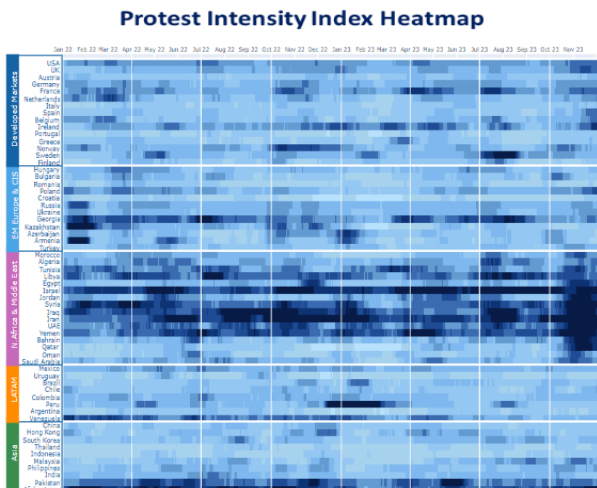


Fig6. BBVA RESEARCH PROTEST AND CONFLICT HEAT MAPS
(Evolution of Protest and Conflict over time by regions)



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 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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