

Geopolitics

# BBVA Research Big Data Geopolitics Monitor

Big Data Unit  
16 January 2024

## Signs of Regional worries emerge. Airstrikes on Yemen positions and Iranian strikes in Northern Iraq and Syria rise Risk sentiment\*

Hamas released a video purportedly showing the bodies of two hostages, claiming they were killed in Israeli airstrikes (it cannot be verified independently). Israel, in turn, has continued its military operations in Gaza, focusing on dismantling Hamas's command structure. **The conflict spread to Yemen as US and UK launched military strikes in Yemen in response to Houthi rebel attacks on shipping in the Red Sea.** The Houthi rebels, who control much of Yemen, vowed retaliation and the US military shot down a Houthi-fired anti-ship cruise missile aimed at the USS Laboon in the Red Sea. Moreover, last night, Iran launched ballistic missiles in Northern Iraq and Syria trying to destroy an Israeli spy base, increasing the risk of a wider regional conflict. Some reactions:

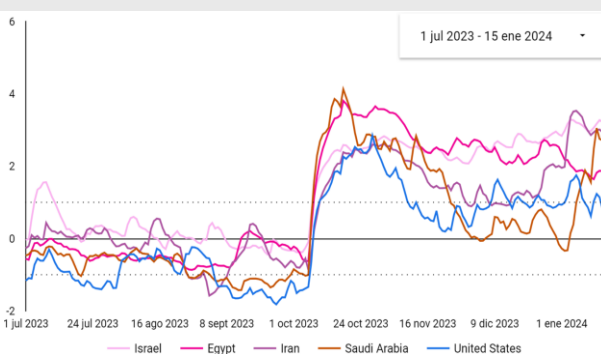
- **United Nations & NATO:** The United Nations Secretary-General Antonio Guterres called on all sides not to escalate the situation. NATO described the strikes as defensive, aimed at preserving freedom of navigation.
- **EU Diplomacy:** The EU, through its member states, has generally advocated for de-escalation and a diplomatic resolution to the conflict. While the EU acknowledges the security concerns in the Red Sea, particularly with regard to commercial shipping, it has historically emphasized a balanced approach that considers both security and humanitarian aspects.
- **Regional security concerns:** The attacks on the Red Sea have significantly disrupted global trade, forcing some of the world's largest shipping operators to redirect their vessels and causing a substantial drop in traffic through the Red Sea. Potential retaliation by Yemeni or Hizbollah continues to be a Risk.

### The BBVA Monitor: Geopolitical Tensions Spread but Economic Uncertainty is still Neutral. Ecuador Jumps

The situation in the Middle East remains tense and some new risk pressures spread to Western Countries indexes. In Emerging Countries, the situation in Ecuador was also apparent in the indicators, while the Argentinian Economic Policy Uncertainty and Protest indexes start to soften as media starts to digest the economic measures:

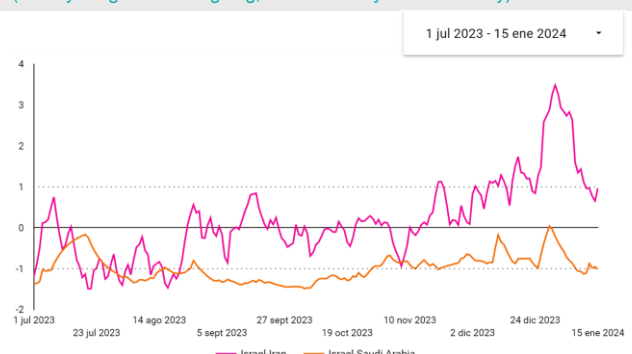
- **The levels of Geopolitical & Conflict sentiment remain high to extreme levels in the M. East and spread to the rest of the world. Renewed protests increase in Germany and UK (Fig 2).**
- **The Political indexes in the M. East and UK stay at risk, extending to S. Arabia. Political tension skyrocketed in Ecuador, while some tensions became more apparent in Mexico, Colombia and Peru (Fig 2 & Fig 3).**
- **The Bilateral relations between China-Taiwan remain in neutral (but rising) after Lai Ching-te from the governing Democratic Progressive Party won Taiwan's presidential elections, despite warnings from China that their re-election would increase the risk of conflict (Fig 4).**
- **The Economic Policy Uncertainty index stays at neutral but rising since the beginning of the conflict. Argentinian Economic Policy Uncertainty returned to neutral (Fig 5).**

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



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

Fig2. **BILATERAL TENSION INDEX: ISRAEL & SA/IRAN**  
(28-day weighted moving avg, normalized by its own history)



Source: BBVA Research & [www.qdelt.org](http://www.qdelt.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 After Hamas-Israel Conflict (January 8th, 2024)**

(News Sentiment Map. Sentiment relative to average sentiment in each country)



Source: BBVA Research

**Summary of Signals After Hamas-Israel Conflict (January 16th, 2024)**

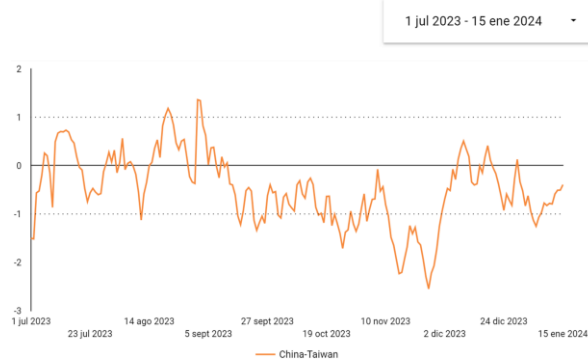
(News Sentiment Map. Sentiment relative to average sentiment in each country)



Source: BBVA Research

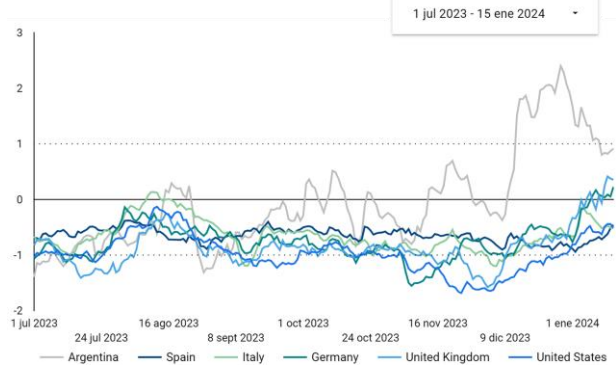
Source: BBVA Research and [www.qdelt.org](http://www.qdelt.org)

**Fig4. BILATERAL TENSIONS INDEX: CHINA-TAIWAN**  
(28-day weighted moving avg, normalized by its own history)



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

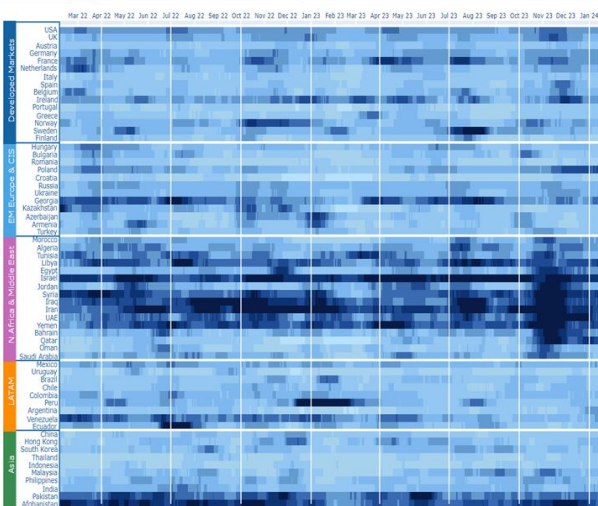
**Fig5. ECONOMIC POLICY UNCERTAINTY**  
(28-day weighted moving avg, normalized by its own history)



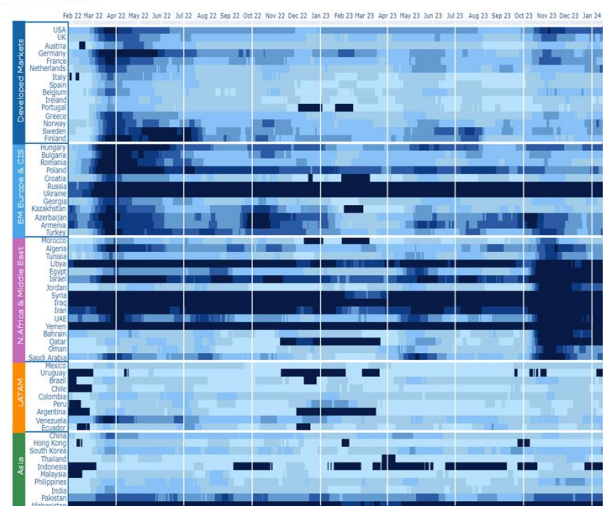
Source: BBVA Research & [www.qdelt.org](http://www.qdelt.org). Positive (negative) values indicate greater (lower) risk relative to the mean of period 2021-nowadays

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

**Protest Intensity Index Heatmap**



**Conflict Intensity Index Heatmap**



Source: BBVA Research and [www.qdelt.org](http://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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