

Geopolitics

BBVA Research Big Data Geopolitics Monitor

Big Data Unit
13 February 2024

Tensions between Israel & Hamas are well alive. The IMF warns on Regional Economic Implications

Israel conducted a rescue operation in Rafah, freeing two Israeli-Argentine hostages held by Hamas, resulting in the death of 67 Palestinians. The death toll on both sides continues to rise, with significant casualties and injuries reported. Meanwhile, accusation on the UNRWA remains alive and Guterres urged countries to restore help. Hamas would be analyzing the details from Intelligent Services and Egypt would resist pressures to create safe corridors. The main issues this week were the following:

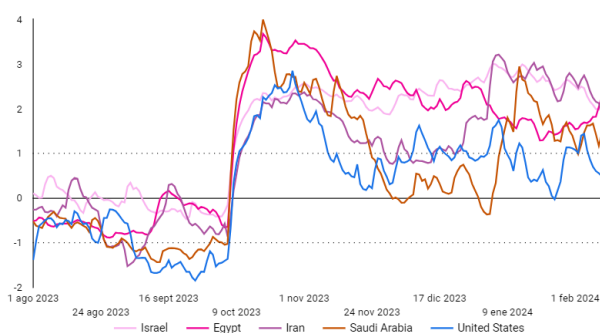
- **UNRWA Aid:** The UN Secretary-General António Guterres has urged countries that suspended funding to UNRWA to reconsider their decisions, while the Israeli forces have reported finding a secret Hamas data center directly beneath UNRWA's headquarters in Gaza.
- **Intelligence Services plan for Ceasefire:** Hamas is currently reviewing a three-phase ceasefire proposal that could lead to the release of most Israeli hostages. The plan does not yet commit Israel to finish the war, but it aims to release women, children and the elderly in the first phase. The plan's success depends on Hamas's agreement without considering a permanent war cessation. It involves major aid to Gaza.
- **Regional security concerns and IMF warning:** Egypt is discussing humanitarian aid for Gaza, but resisting the creation of safe corridors for refugees. The IMF warned about the effects on neighboring countries like Egypt, Lebanon and Jordan. The war is contributing to economic instability at a time when global growth is already slow and the cost of debt servicing has increased due to factors like the COVID pandemic.

The BBVA Monitor: Protests Climate in Europe continues extending across the board

The situation in the Middle East remains tense. Last week we appreciated an increase in the protest indicators in Europe for several reasons, while they continued in the high risk area in some Emerging Countries. The protest indicator continues to be at risk in Ecuador and renewed protests against economic policy have reemerged in Argentina:

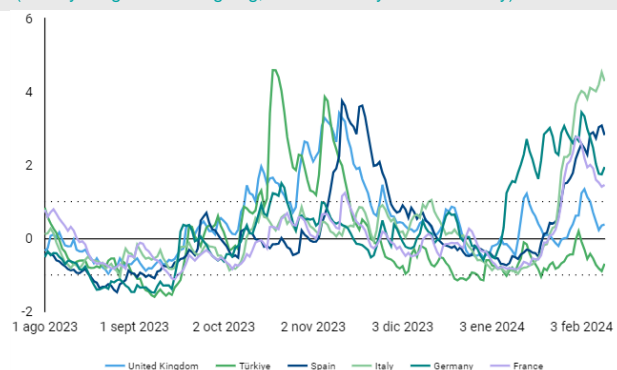
- The levels of **Geopolitical & Conflict sentiment remain high in the Middle East** (Fig 1).
- The **Political indexes in the Middle East and some Latam Countries stay at risk** (Fig 3).
- The **sentiment of protest in Europe extends across the board, mainly due to agriculture and transport demands. The Argentinian protest climate remains at risk** (Fig 2 and 3).
- The **Economic Policy Uncertainty (EPU) index stays at neutral** since the beginning of the conflict. Argentinian remains in the risk area (Fig 5).

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



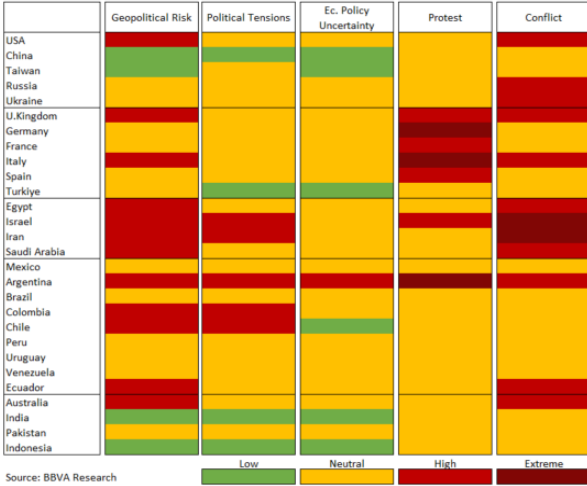
Source: BBVA Research & www.gdelt.org. Positive (negative) values indicate greater (lower) risk relative to the mean of period 2021-nowadays

*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 (February 5th, 2024)

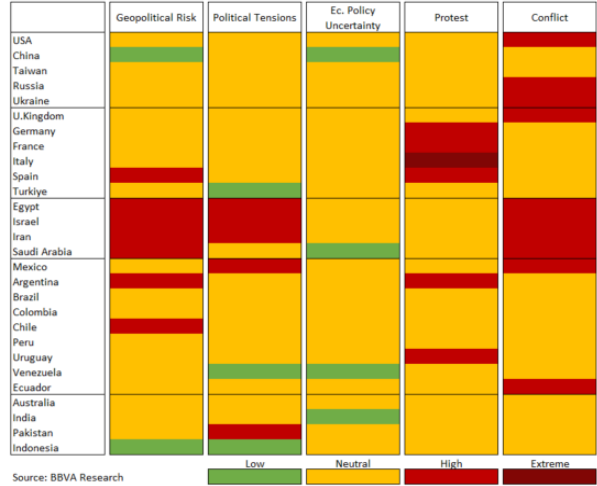
(News Sentiment Map. Sentiment relative to average sentiment in each country)



Source: BBVA Research

Summary of Signals After Hamas-Israel Conflict (February 12th, 2024)

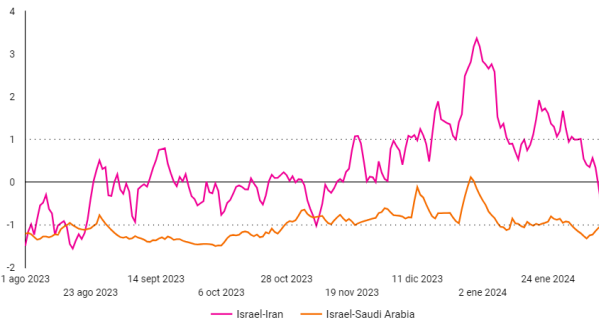
(News Sentiment Map. Sentiment relative to average sentiment in each country)



Source: BBVA Research

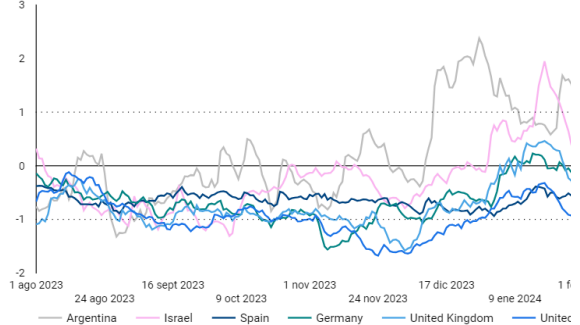
Source: BBVA Research and www.gdelt.org

Fig4. BILATERAL TENSIONS INDEX: ISRAEL & SA/IRAN
(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

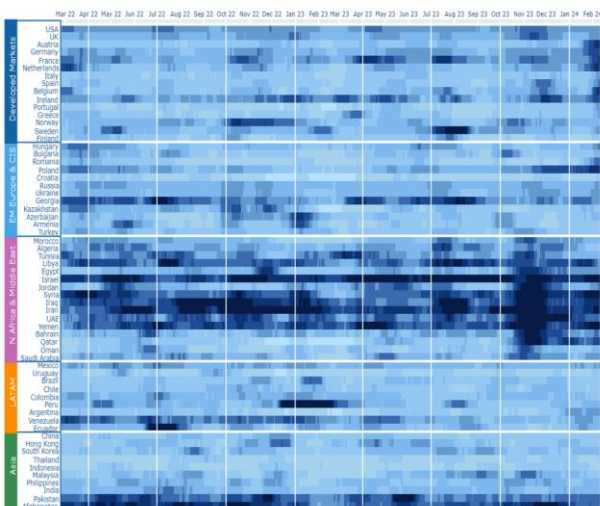
Fig5. ECONOMIC POLICY UNCERTAINTY
(28-day weighted moving avg, normalized by its own history)



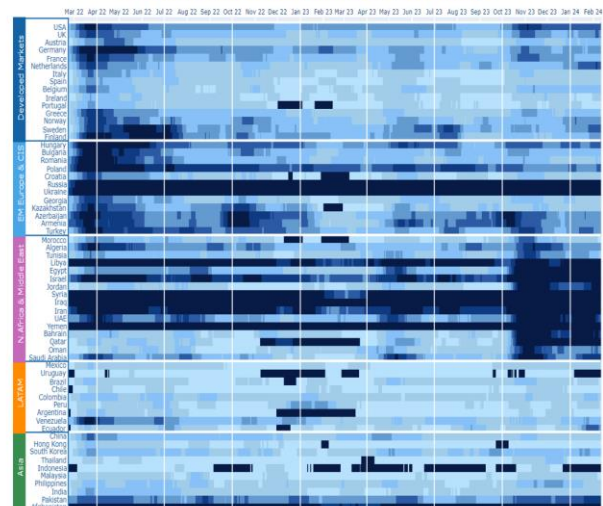
Source: BBVA Research & www.gdelt.org. Positive (negative) values indicate greater (lower) risk relative to the mean of period 2021-nowadays

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.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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