

Geopolitics

BBVA Research Big Data Geopolitics Monitor

Big Data Unit

Russia Launches Massive Drone & Missile Attack on Ukraine. Western Nations Sanction Israeli Officials. Reactions to US-China Trade Agreement

Russia Launches Massive Drone and Missile Attack on Ukraine: Russia conducted a large-scale drone and missile assault on Ukraine on June 10, targeting Kyiv and Odesa. President Zelenskyy described it as one of the most significant strikes on the capital during the war. Russia fired 315 drones, primarily Shaheds, and seven missiles, damaging civilian infrastructure, including a maternity hospital in Odesa. These attacks followed a record drone bombardment the previous day and occurred amid stalled peace talks in Istanbul. Ukraine reported downing several drones and conducting retaliatory attacks into Russian territory.

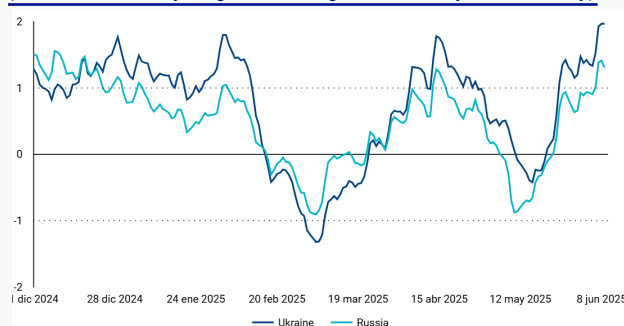
Western Nations Sanction Israeli Ministers Over West Bank Violence: UK, Canada, Australia, New Zealand, and Norway imposed sanctions on Israeli Finance Minister Bezalel Smotrich and National Security Minister Itamar Ben-Gvir. The measures, including asset freezes and travel bans, cite the ministers' incitement of violence against Palestinians in the West Bank and human rights violations. This unprecedented action marks the first time Western governments have sanctioned Israeli cabinet members, reflecting growing international criticism of Israel's policies in Gaza and the West Bank. Israeli officials condemned the sanctions as unjust.

Analysts Reactions to US-China Trade Agreement. The recent US-China trade agreement has garnered cautious optimism from analysts, who emphasize the importance of implementation details. US Commerce Secretary Howard Lutnick expressed hope that the agreement could resolve existing restrictions on rare earths and magnets. China's Vice Commerce Minister Li Chenggang affirmed the teams' consensus on implementing the Geneva agreement. Analysts noted the fragility and the potential for renewed tensions [Reuters](#).

The BBVA Monitor: Massive Protests in the US drive sharp rise in Protest and Geopolitical Risk Indicators

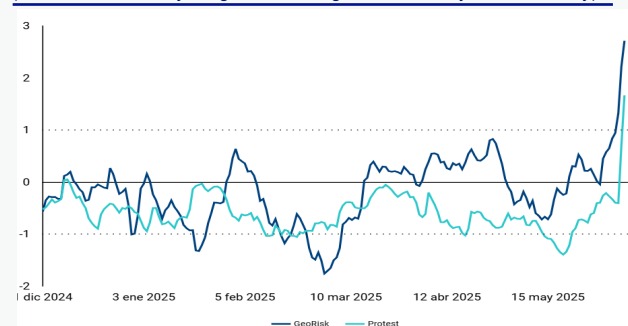
- Massive protests have erupted in at least 30 US cities in response to President Trump's intensified immigration enforcement measures. These developments have led to a **sharp increase in our protest and geopolitical risk indicators** for the **United States** (see Fig. 2 and Fig. 3). Meanwhile, the intensification of **Russia's** offensive in **Ukraine** is contributing to a rise in conflict and geopolitical risk indicators in both countries, which are currently in the high-risk areas (see Fig. 1 and Fig. 3).
- **Policy Uncertainty and Trade Policy Uncertainty indicators** continue moderating given the ease of tensions, (see Fig. 3, Fig 4 and Fig. 5).

FIG 1. GEOPOLITICAL RISK INDEX: UKR & RUS
(Local media. 28-day weighted mov 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

FIG 2. GEOPOLITICAL RISK & PROTEST INDEX: US
(Local media. 28-day weighted mov avg, normalized by its own history)

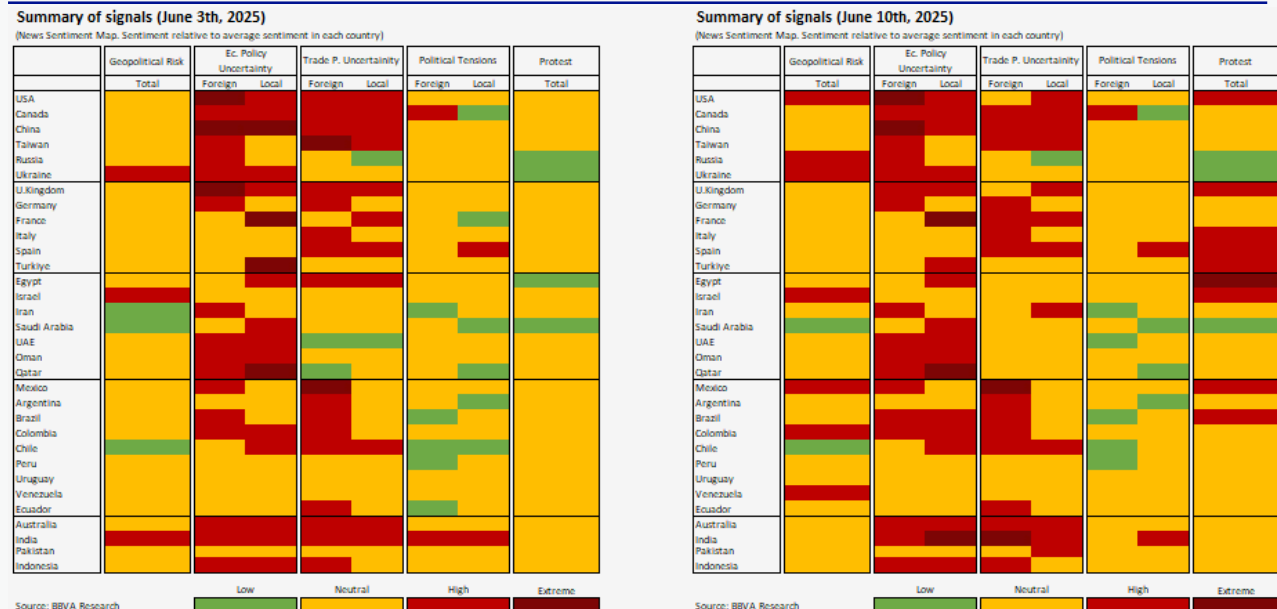


Source: BBVA Research & www.gdelt.org. Positive (negative) values indicate greater (lower) interest relative to the mean of period 2021-nowadays

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

FIG 3. BBVA RESEARCH GEOPOLITICS MONITOR "SIGNAL" CHANGES

(Signals in Geopolitical Risk, Political Tensions, Economic Policy Uncertainties, Protest and Conflict according to Standard Dev)



Source: BBVA Research and <http://www.qdelt.org/>

FIG 4. ECONOMIC POLICY UNCERTAINTY INDEX

(Local media. 28-day weighted mov avg, normalized by its own history)

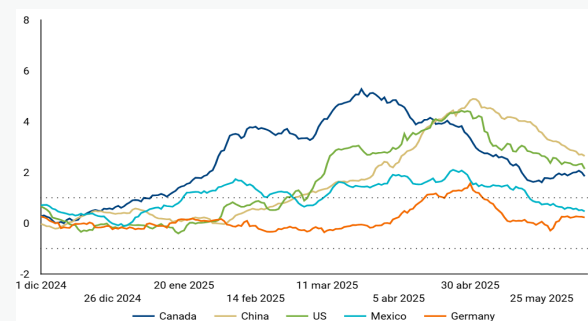
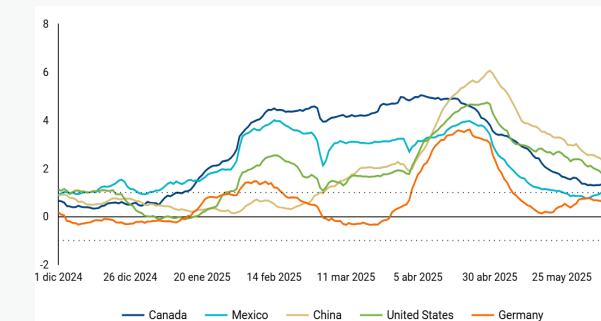


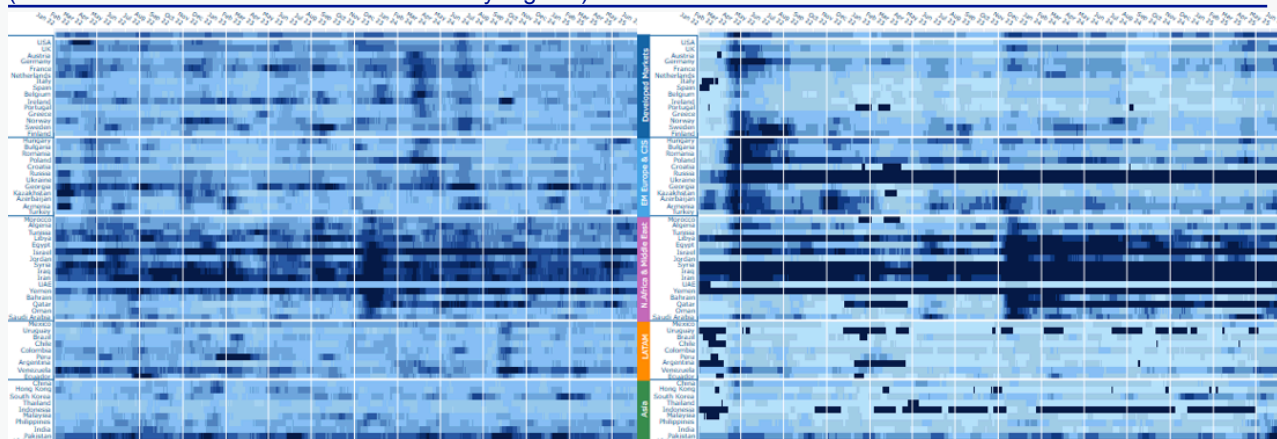
FIG 5. TRADE POLICY UNCERTAINTY INDEX

(Local media. 28-day weighted mov avg, normalized by its own history)



BBVA RESEARCH PROTEST AND CONFLICT HEAT MAPS

(Evolution of Protest and Conflict over time by regions)



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 that 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 normalized by their country's 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 the 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 has been happening in the last few days.

DISCLAIMER

The present document does not constitute an “Investment Recommendation”, as defined in Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (“MAR”). In particular, this document does not constitute “Investment Research” nor “Marketing Material”, for the purposes of article 36 of the Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (MIFID II).

Readers should be aware that under no circumstances should they base their investment decisions on the information contained in this document. Those persons or entities offering investment products to these potential investors are legally required to provide the information needed for them to take an appropriate investment decision.

This document has been prepared by BBVA Research Department. It is provided for information purposes only and expresses data or opinions regarding the date of issue of the report, prepared by BBVA or obtained from or based on sources we consider to be reliable, and have not been independently verified by BBVA. Therefore, BBVA offers no warranty, either express or implicit, regarding its accuracy, integrity or correctness.

This document and its contents are subject to changes without prior notice depending on variables such as the economic context or market fluctuations. BBVA is not responsible for updating these contents or for giving notice of such changes.

BBVA accepts no liability for any loss, direct or indirect, that may result from the use of this document or its contents.

This document and its contents do not constitute an offer, invitation or solicitation to purchase, divest or enter into any interest in financial assets or instruments. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

The content of this document is protected by intellectual property laws. Reproduction, transformation, distribution, public communication, making available, extraction, reuse, forwarding or use of any nature by any means or process is prohibited, except in cases where it is legally permitted or expressly authorised by BBVA on its website www.bbvaresearch.com.