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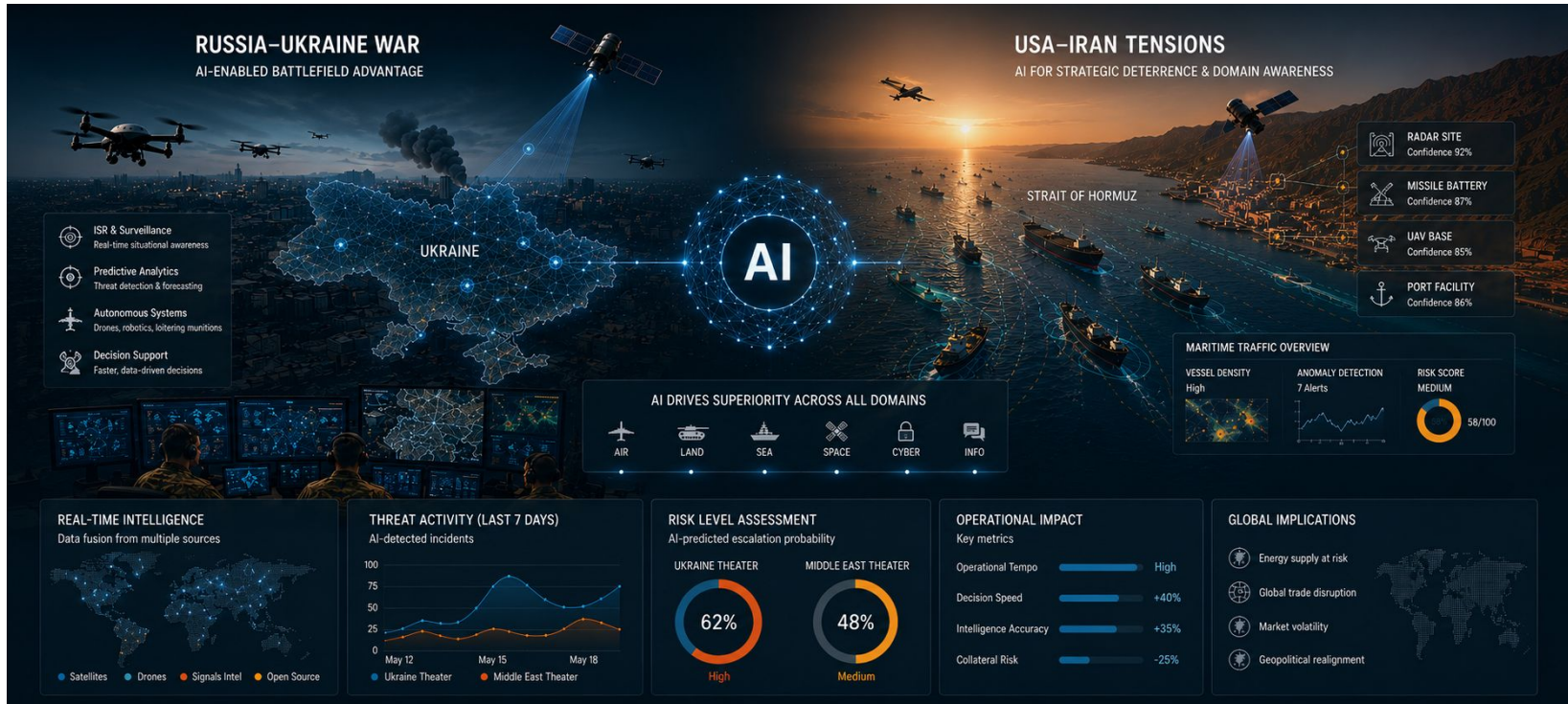
AI for Geopolitical Intelligence

Geopolitics, Geoeconomics & Sovereign Risk

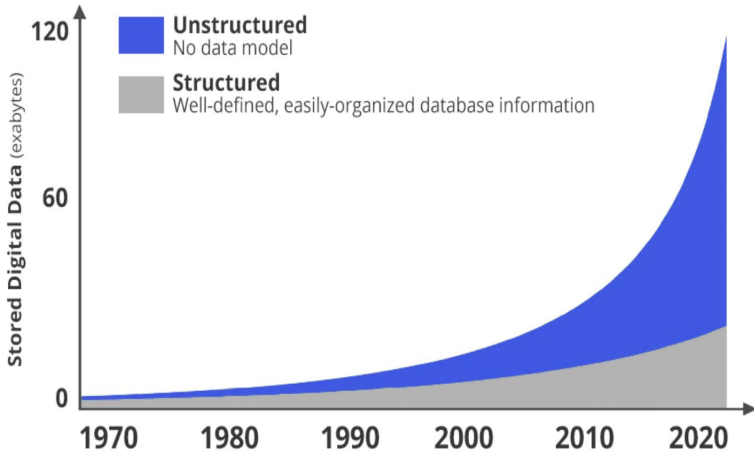
13th BBVA Seminar for Public Sector Investors and Issuers
Lisbon, June 2026

AI as a New Force in Geopolitical Conflict

From Russia–Ukraine to US-Israel-Iran Conflict: intelligence, targeting and strategic decision-making



From Geopolitical Signals to Economic Intelligence turning unstructured news into indicators with AI



Source: Stephen Hansen

Scan to Explore
BBVA Research
indicators



Geopolitics

Follow here our media sentiment indicators developed with AI techniques to analyze the global geopolitical landscape

Geopolitics & economics

Global issues

Real time media sentiment indicators per country to monitor the global geopolitical landscape

Economic sentiment

It captures the sentiment and media coverage of news about the economy in the country

Show more

Economic Policy Uncertainty

It collects news about the country's economic policy uncertainty (monetary, fiscal and regulatory policies)

Show more

Trade Policy Uncertainty

Global trade faces several challenges. We disentangle between the perception to verbal and material cooperation news articles to trade

Show more

Geopolitical risk

It captures the country's geopolitical events and associated risks

Show more

Political tensions

It monitors the country's political instability, uncertainty and fragmentation

Show more

Protests

It is based on the media coverage regarding social protests or unrest in the country

Show more

Conflicts

It covers the media coverage of armed conflicts, which go beyond protests

Show more

Bilateral tensions

It collects news that are speaking about two countries/regions to monitor their relationship

Show more

2250 Indicators
69 Countries

Evaluating Geopolitical & Geoeconomic Shocks in Real Time

Which shocks matter?

How do they propagate through supply chains and markets?

When do they become sovereign risk?

The Geopolitical Pulse

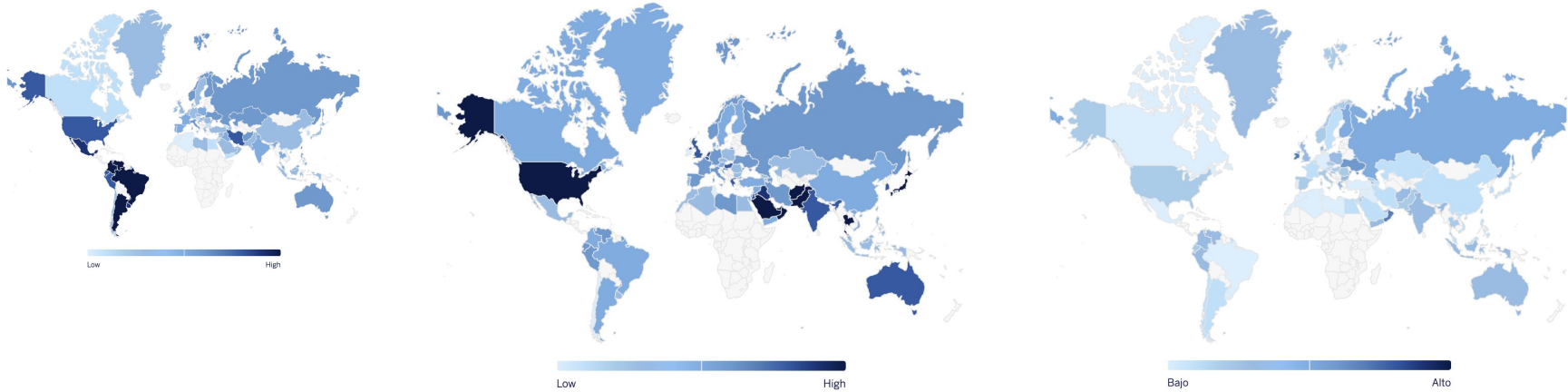
AI for monitoring Geopolitics and
Goeconomics in Real Time



From West to East: The Rise and Retreat of Geopolitical Risk in 2026

BBVA Research Geopolitical Risk Sentiment Map

(28-day weighted mov. average, normalized by its own country history. Coverage & Tone. Positive (negative) values indicate greater (lower) risk sentiment relative to 2017)



Invasion of
Venezuela
January 2026

US-Israel-Iran
Conflict
March-2026

US-Israel-Iran
Peace Deal
June-2026

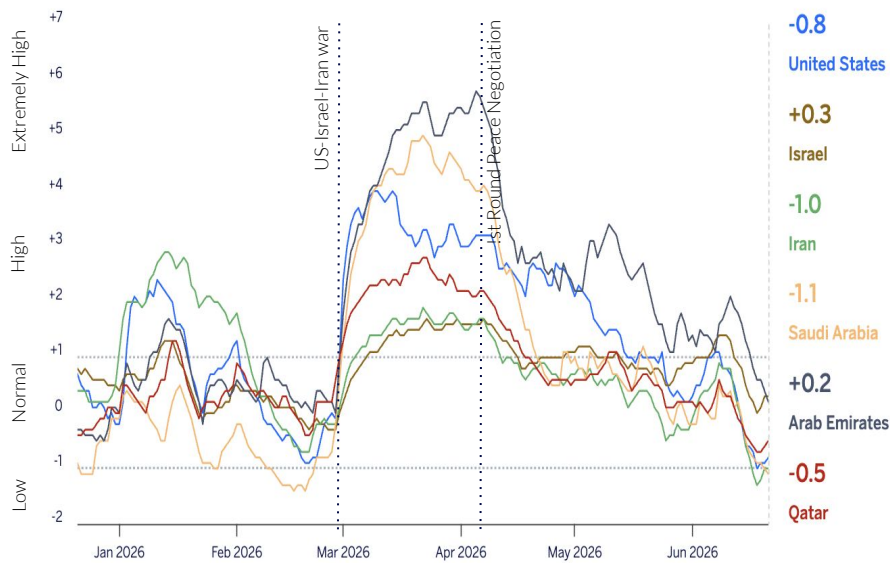


Geopolitical risk is normalizing from its peaks – but stays event-sensitive.

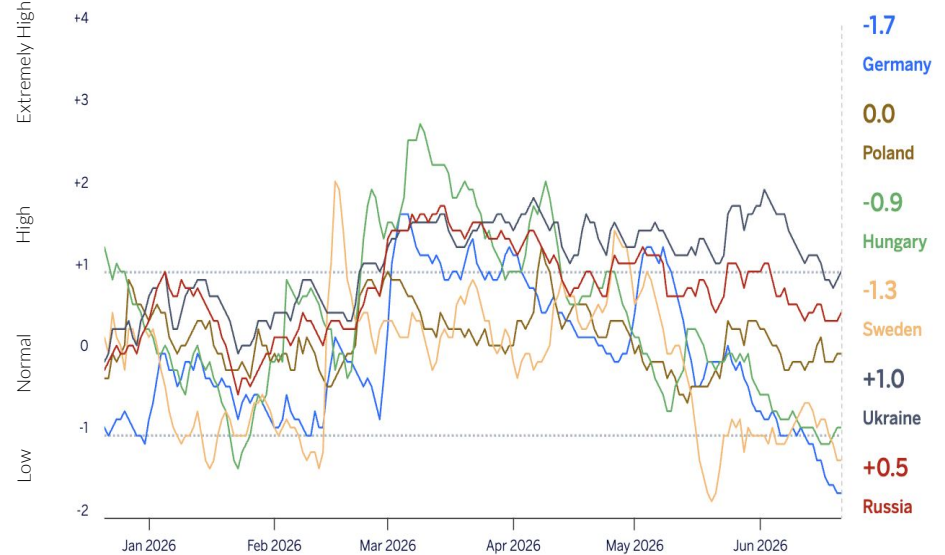
BBVA Research Geopolitical Risk Sentiment Index

(28-day weighted mov. average, normalized by its own country history. Coverage & Tone. Positive (negative) values indicate greater (lower) risk sentiment relative to 2017)

The US-Israel-Iran Conflict



The Russian-Ukraine Conflict

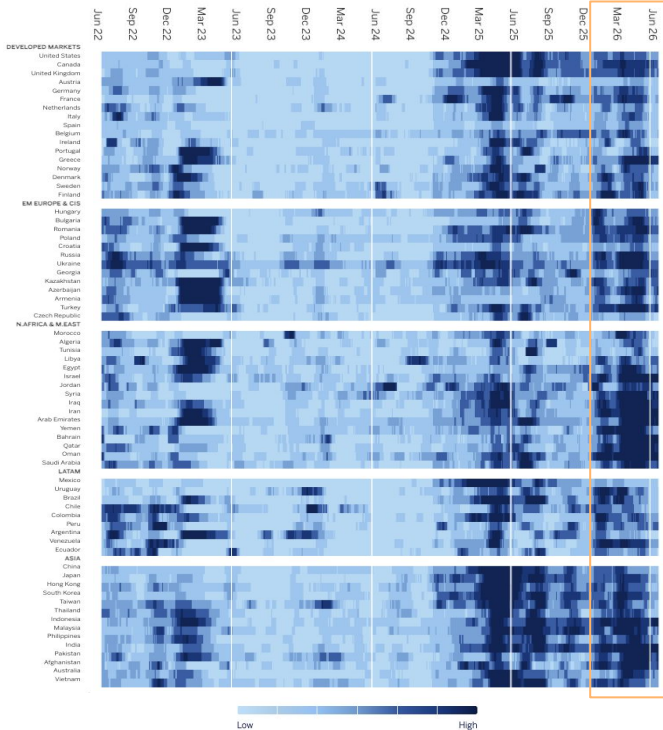


The World Is More Uncertain, But Not Necessarily Weaker

Policy uncertainty has risen globally, while economic sentiment weakness remains concentrated in conflict zones.

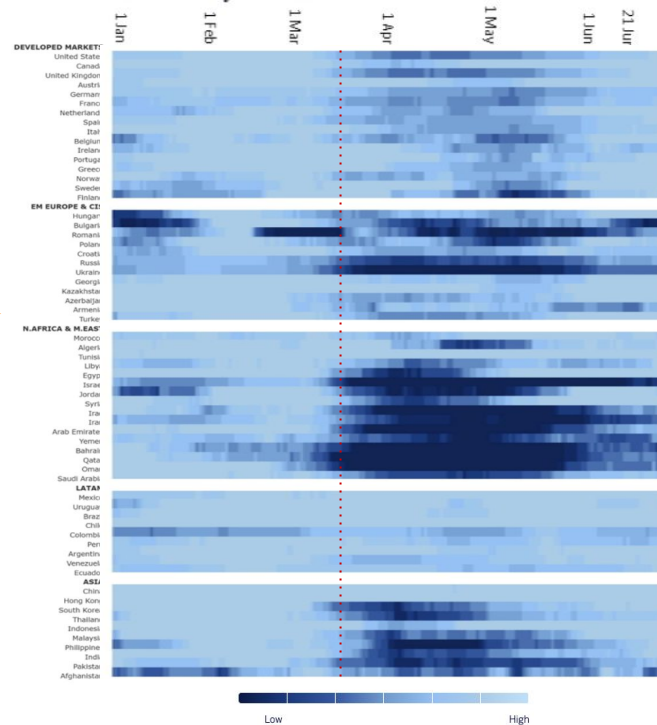
Economic Policy Uncertainty index by countries

28-day weighted moving average, normalized by its own country history



Economic sentiment index by countries

28-day weighted moving average, normalized by its own country history



Developed markets:
Policy uncertainty up, sentiment resilient.

EM Europe & CIS:
Weakness linked to Russia-Ukraine spillovers.

MENA:
Strongest deterioration around conflict zones.

LATAM:
Uncertainty up, sentiment broadly stable.

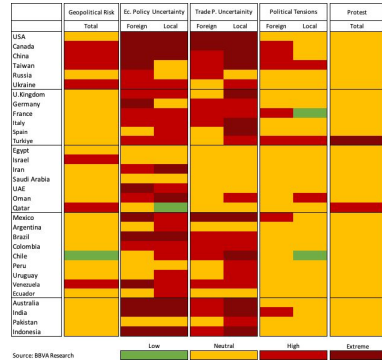
Asia:
Selective weakness, broad resilience.

Recent data show a safer Geopolitics & Goeconomic view. But some “Hot Spots” remain...

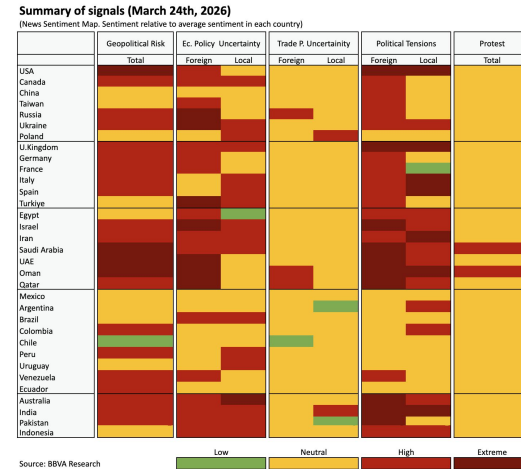
BBVA Research Sentiment Signals: Liberation Day, US-Israel-Iran Conflict and Actual

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

Just After “Liberation Day” April 6th, 2025



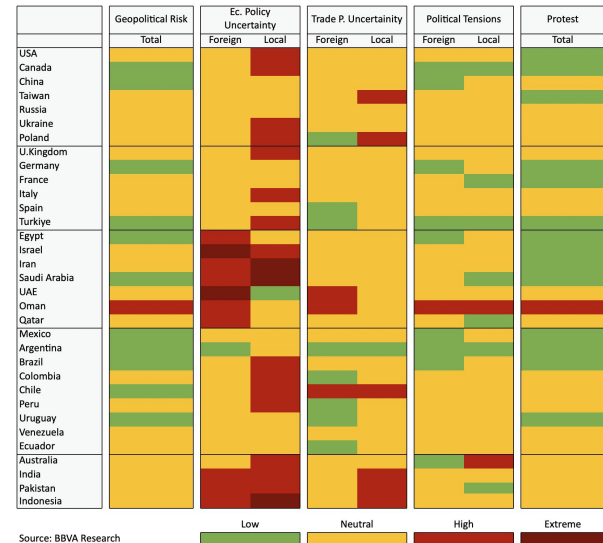
Two weeks after US-Israel-Iran Conflict (April 2026)



Current June 20th, 2026

Summary of signals (June 20th, 2026)

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



From Geopolitics to Goeconomics



From Geopolitics to Goeconomic Shocks

Tracing their propagation through firms, supply chains and economies with unprecedented granularity.

AI-powered geoeconomic monitoring. Tariff pressure rose sharply in 2025 , but firms now signal some easing.

Earning Calls Geoeconomic Tariff Pressure According to Firms

(% of firms affected by tariffs according Earning Calls). Source: Global Capital Allocation Project

Biden Administration, 2Q 2024



Liberation Day : Trump Administration, 2Q 2025



Trump Administration, 1Q 2026



The Global Supply Chain Pressure Index is rising after Hormuz, but remains far from 2021–22 stress levels

Global Supply Chain Pressure Index (GSCPI) — four supply-chain shocks since 2020

NY Fed monthly data · units = standard deviations from long-term mean · Jan 2010 – May 2026



COVID

Two distinct supply peaks

(1) First wave Apr 2020 · 3.36σ: shutdowns, services demand collapse, panic buying. (2) Supply crisis peak Dec 2021 · 4.45σ: containers stuck, semiconductor shortage, Delta + holiday demand. Highest GSCPI on record.

RUSSIA-UCRANIA

Feb 2022 · plotted

GSCPI peaked at 2.87σ (Mar 2022). Already declining from Dec 2021 peak. Gas to Europe, Black Sea grains, palladium/nickel sanctions. Effect partially masked by overlapping Shanghai shock.

SHANGHAI LOCKDOWN

Apr–Jun 2022 · plotted

GSCPI peaked at 3.55σ (Apr 2022) — into CRITICAL zone. 25M residents locked; 477 ships at anchor peak May. Single-port shock pushed pressure higher than Russia-Ukraine.

HORMUZ

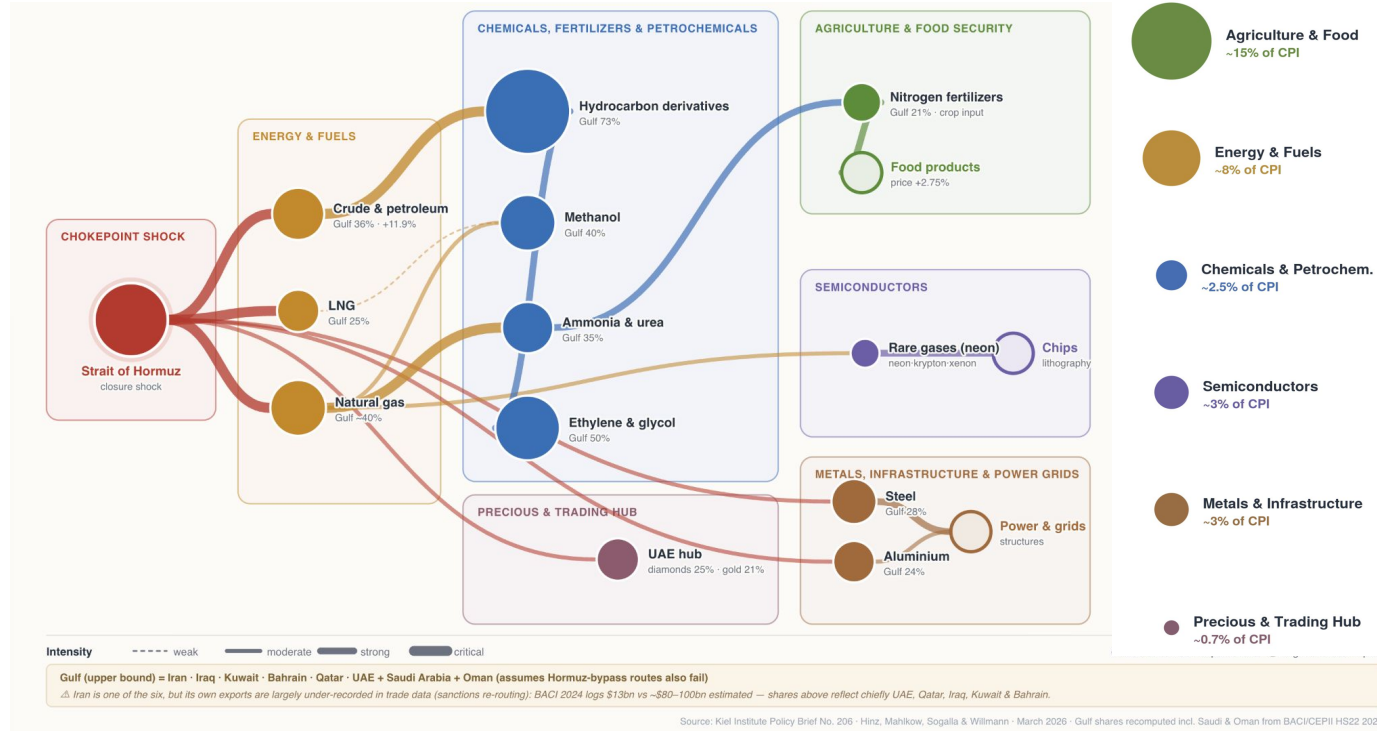
Feb 2026–ongoing · plotted

GSCPI at 1.77σ (May 2026), up from 0.68σ in March. Strait closed by Iran Feb 28; US-Israeli strikes Mar 19. Open transits near zero since May 6. ~20% global oil + 25% LNG via single chokepoint.

Hormuz exposure goes beyond oil: LNG, fertilizers and petrochemicals are key choke points

Global Value Chains Strait of Hormuz Choke Point
(Product Network Gulf Market Shares)

Weight in OECD CPI Basket
(Proximate % of CPI)



Russia exposed sectoral vulnerabilities; Hormuz would expose global value chains.

Sectoral Exposure to Geopolitical Supply Chain Chokepoints: Strait of Hormuz vs Russia-Iran

Russia-Ukraine War Closure 2022

TIER	USA	CAN	MEX	COL	BRA	GBR	DEU	FRA	ESP	ITA	POL	TUR	SGP	KOR	JPN	CHN
<i>Ranked by exposure --</i>	\$25.1n	\$2.1n	\$1.4n	\$323n	\$1.8n	\$2.8n	\$3.8n	\$2.6n	\$1.9n	\$1.8n	\$636n	\$846n	\$462n	\$1.7n	\$4.0n	\$17.2n
REFINING & ENERGY <i>Refining, electricity, gas, extraction</i>	Red	Orange	Green	Red	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Red	Orange	Orange
CHEMICALS & METALS <i>Chemicals, plastics, steel, cement</i>	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange
MANUFACTURING <i>Autos, machinery, electronics, food</i>	Orange	Green	Green	Green	Green	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange
CONSTRUCTION <i>Building, infrastructure, water</i>	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
LOGISTICS & TRANSPORT <i>Land, sea, air freight, warehousing, postal</i>	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange
WHOLESALE & RETAIL <i>Distribution layer for goods</i>	Red	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange
PROFESSIONAL SERVICES <i>Finance, insurance, IT, telecom, prof. services</i>	Orange	Orange	Green	Green	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange
TOURISM <i>Accommodation, food services, arts</i>	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green

Strait of Hormuz Closure 2026

TIER	USA	CAN	MEX	COL	BRA	GBR	DEU	FRA	ESP	ITA	POL	TUR	SGP	KOR	JPN	CHN
<i>Ranked by exposure --</i>	\$25.1n	\$2.1n	\$1.4n	\$323n	\$1.8n	\$2.8n	\$3.8n	\$2.6n	\$1.9n	\$1.8n	\$636n	\$846n	\$462n	\$1.7n	\$4.0n	\$17.2n
REFINING & ENERGY <i>Refining, electricity, gas, extraction</i>	Orange	Orange	Green	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange
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MANUFACTURING <i>Autos, machinery, electronics, food</i>	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange
CONSTRUCTION <i>Building, infrastructure, water</i>	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
LOGISTICS & TRANSPORT <i>Land, sea, air freight, warehousing, postal</i>	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange
WHOLESALE & RETAIL <i>Distribution layer for goods</i>	Red	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange
PROFESSIONAL SERVICES <i>Finance, insurance, IT, telecom, prof. services</i>	Orange	Orange	Green	Green	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange
TOURISM <i>Accommodation, food services, arts</i>	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green

Key Insights

- Russia exposed regional vulnerabilities; Hormuz would expose global ones.
- Energy remains the main transmission channel of geopolitical shocks.
- Manufacturing and chemicals amplify disruptions across value chains.
- Asia faces greater exposure to a Gulf supply shock.
- Resilience depends on diversification of energy and trade routes.

How criticality buckets are defined

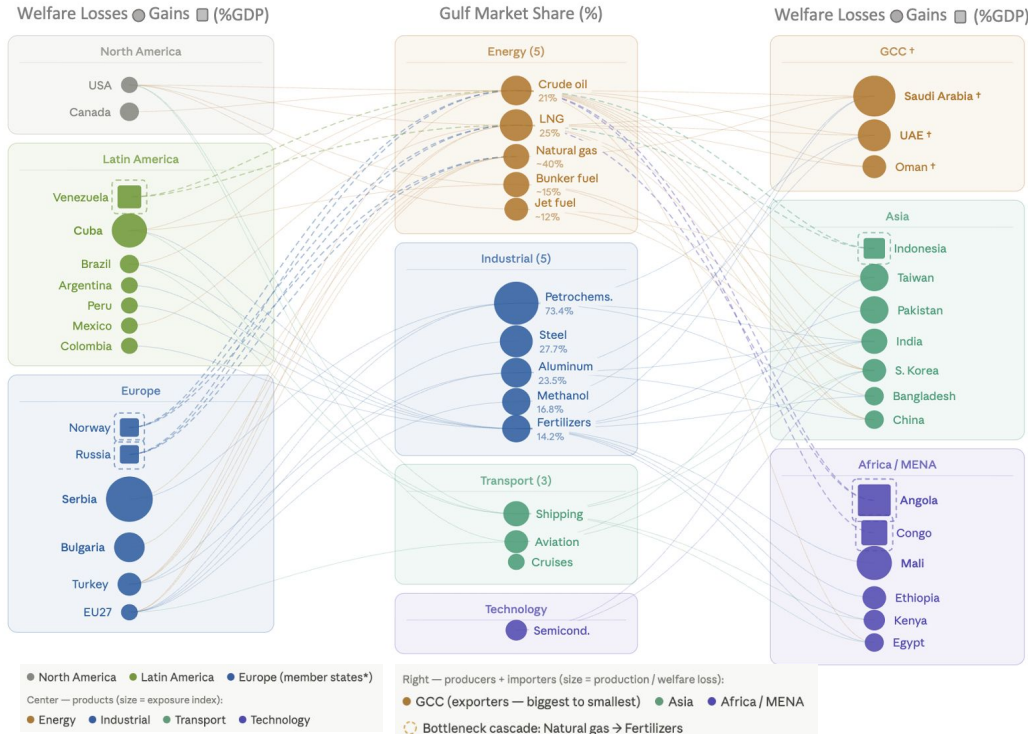
Bucket assigned by MAX sector-level PTF within each tier (weakest-link rule)



Hormuz can generate meaningful welfare losses, but the impact is highly uneven across countries

The Hormuz Choke Point: Welfare Losses / Gains & Gulf Market Share

(% of firms Trade dependencies, Gulf market shares and welfare losses) · Kiel KPB 206 · March 2026



- Energy and petrochemicals dominate the transmission channel.
- Importing regions face welfare losses through higher input costs.
- Non-Gulf oil exporters can gain from higher prices & market shares.
- Europe, Africa/MENA and parts of Asia show the largest downside exposure.

Geopolitics, Markets & Risk

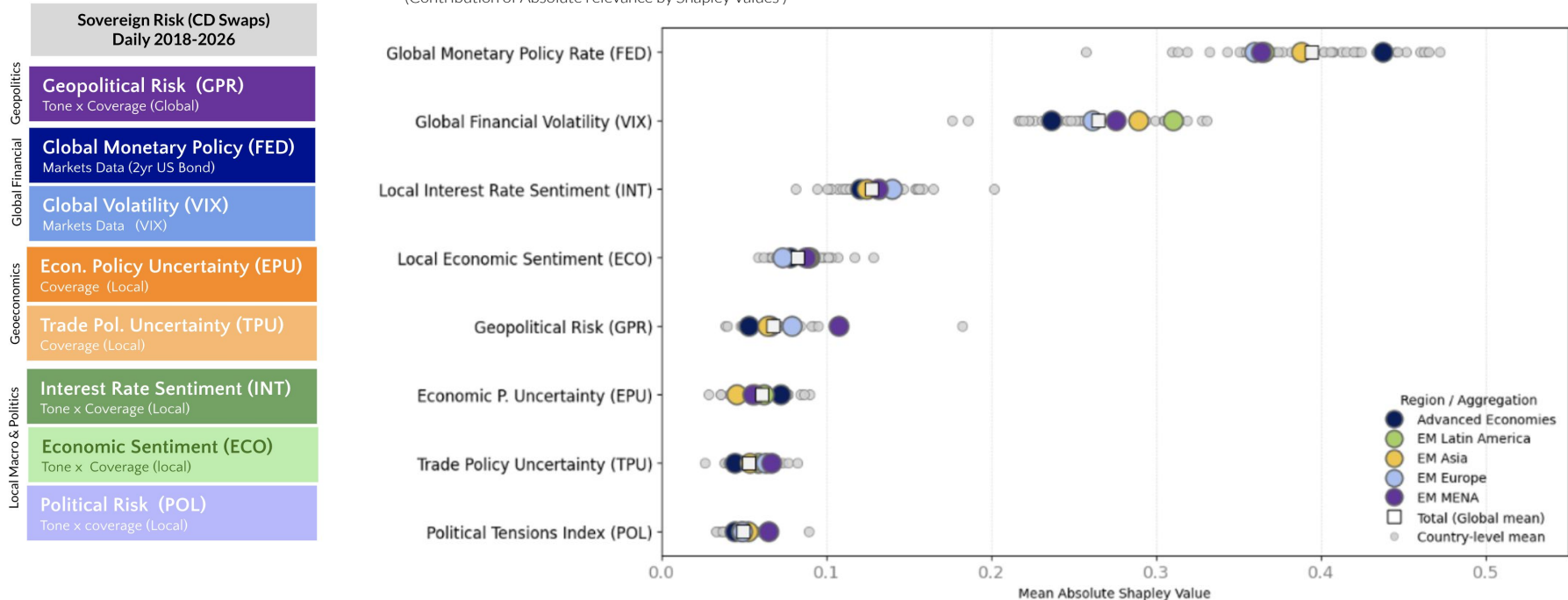
How Geopolitics & Goeconomics
influences Sovereign Risk



Global financial conditions and local macro factors dominate sovereign risk

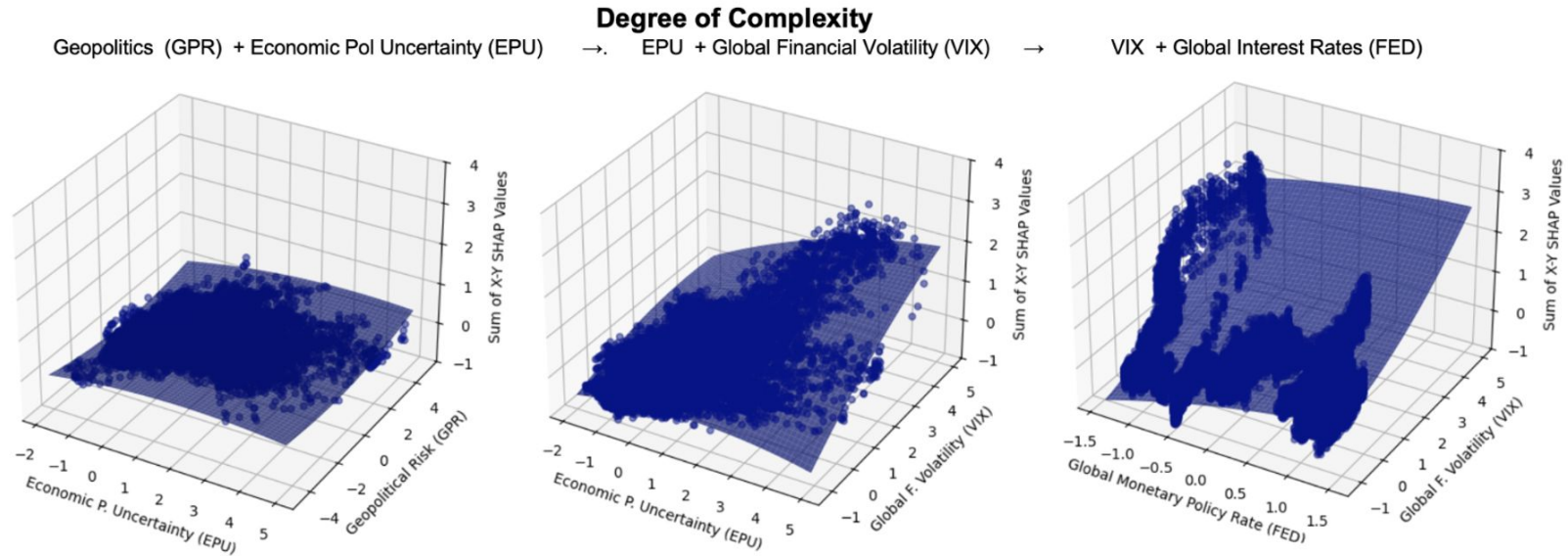
Relevance of variables explaining Sovereign Risk in Machine Learning Model: 2018-2026

(Contribution of Absolute relevance by Shapley Values)



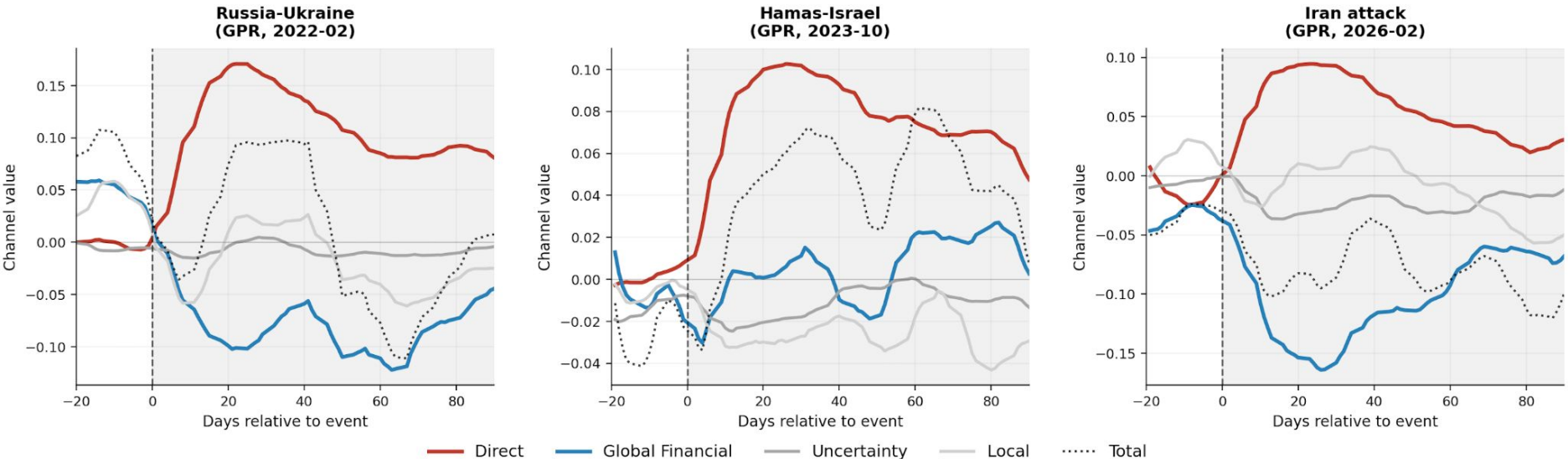
...but Geopolitics is State Dependent: Small in Isolation, Powerful in Interaction with Global Financial Markets

Figure 2: State Dependence in Sovereign Risk: Two-Factor Interaction Surfaces



The “Scissor Effect”: global finance normally offsets direct geopolitical risk

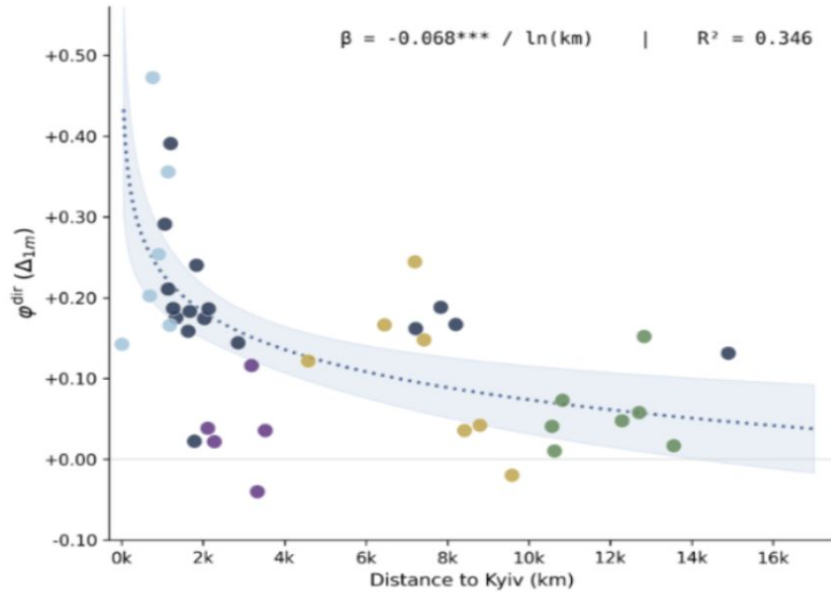
Sovereign risk after alternative Geopolitical Shocks: The “Scissor Patterns”
(Direct Negative Geopolitical effect compensated with Positive effects from Global Financial)



Geography Still Matters: Direct geopolitical effects decay with distance from conflict

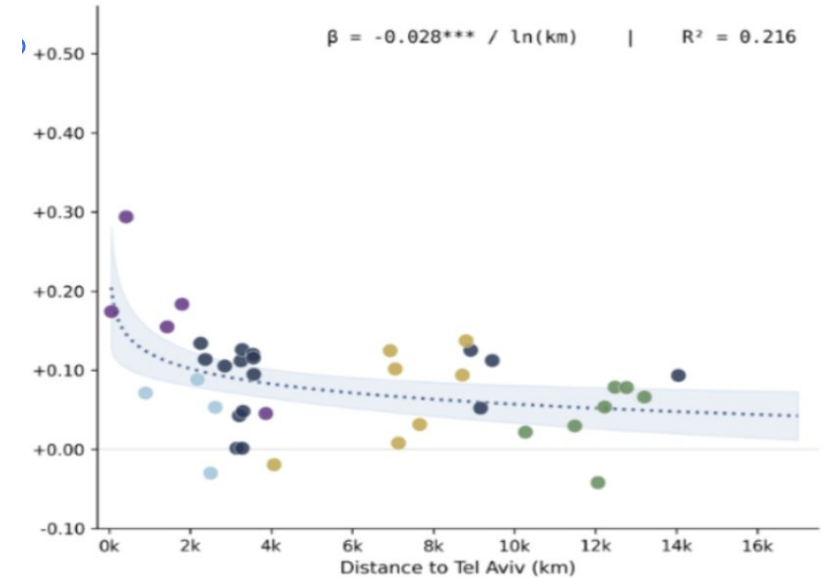
Direct Effect of Russia-Ukraine Geopolitical Shock & Distance to Kyiv

(Direct Geopolitical Effect 41 Countries and Distance to Kyiv in Km)



Direct Effect of Israel-Hamas Geopolitical Shock & Distance to Tel Aviv

(Direct Geopolitical Effect 41 Countries and Distance to Tel Aviv in Km)

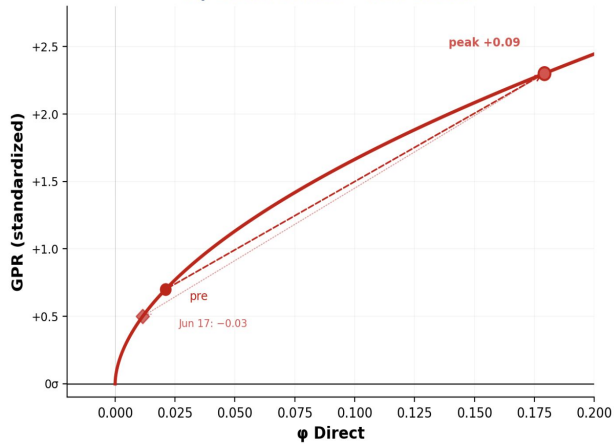


- Advanced Economies
- EM Europe
- EM MENA
- EM Asia
- EM Latin America

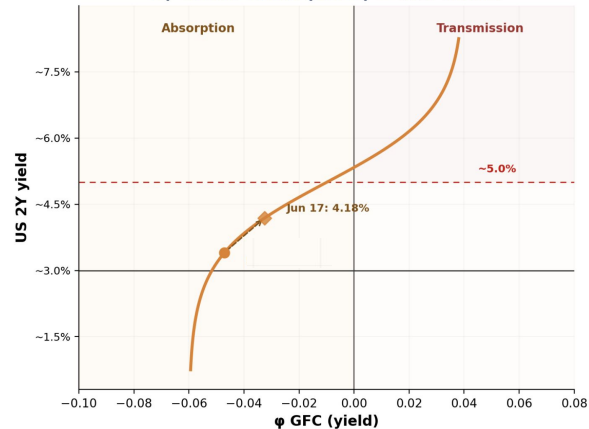
But global financial conditions can also amplify geopolitics: keep an eye on both Hormuz and Wall Street

*The Negative Direct effect has been similar to past geopolitical events –
And VIX and Global yields (US 2Y Treasury bill) stayed in the absorption zone.*

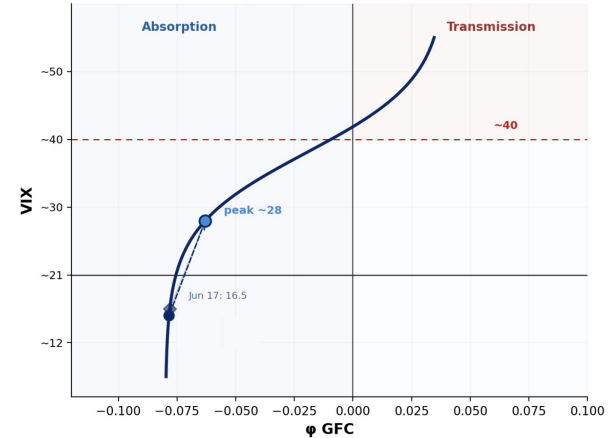
A) Direct Effect — Iran attack



B) Global Yields (US2Y) — Iran attack



C) VIX — Iran attack



Takeaways

- 1 AI turns geopolitical noise into measurable signals**
- 2 Not every geopolitical shock matters equally**
- 3 Transmission channels matter: Hormuz is not only an oil risk**
- 4 Geopolitics becomes sovereign risk when markets amplify it**

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