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BBVA Research

Geopolitics

BBVA Research Big Data Geopolitics Monitor

Big Data Unit

Tensions in Hormuz remain while Turkey urges Washington to pursue diplomacy with Iran. Ukraine launches major drone assault on Russia as Russian missile strike kills civilians

Ship attacked in Strait of Hormuz amid continuing Iran conflict: An unidentified projectile struck a vessel sailing out of the Strait of Hormuz early Tuesday, damaging its engine room and causing a crew casualty. Omani authorities were assisting the crew and investigating the incident; responsibility for the attack was not immediately established. Tehran is separately negotiating with Oman over arrangements for managing ship transit through the strait, while U.S.-Iran negotiations remain stalled (link).

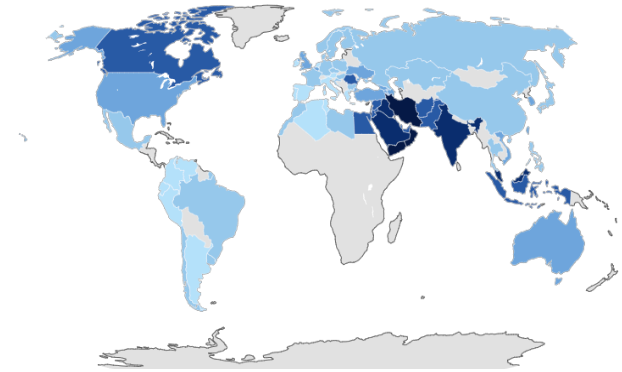
Turkey urges Washington to pursue diplomacy with Iran: Turkish President R.T Erdoğan urged US President Donald Trump during a telephone call to continue pursuing a diplomatic settlement to the conflict with Iran. The appeal came as a 60-day negotiating period approached expiration without a breakthrough between Washington and Tehran. Erdoğan raised concerns over Israeli actions in Gaza and reiterated Turkey's support for diplomatic efforts. Ankara recently entered a joint defense agreement with Saudi Arabia and Pakistan (link).

Ukraine launches major drone assault on Russia as Russian missile strike kills civilians: Ukraine launched nearly 800 drones against Russia overnight, in one of its largest drone operations since the full-scale invasion began. Russian authorities said more than 600 drones were directed toward the Moscow region; air defenses intercepted most of them, although three people were reported injured and a warehouse was damaged. The attack came two days after another large Ukrainian drone operation.Separately, a Russian missile strike hit in Ukraine's Kharkiv region, killing at least 10 civilians and wounding 17, according to Ukrainian authorities (link).

The BBVA Monitor: Middle East uncertainty indices remain high and geopolitical risk rose in Ukraine

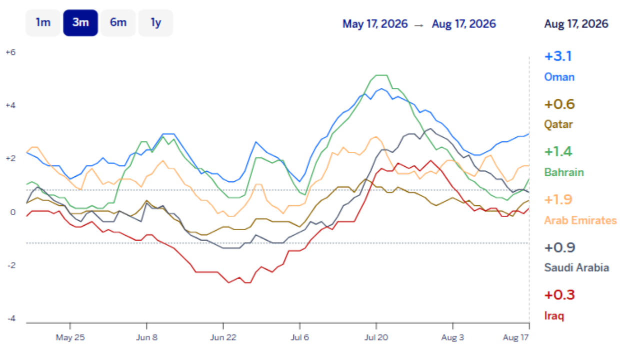
- The **Middle East** remains the main hotspot, with **Economic Policy Uncertainty indicators** reaching high and extreme levels across several countries in the region. Meanwhile, **geopolitical risk indicators** show a more stable trend. **Economic sentiment** indices improved in the region too (see Fig. 1, 2, 3 and 4).
- Regarding the Ceuta migration crisis, the **geopolitical risk index** continued to rise in **Morocco**, remaining in the high risk area, while it eased over the week in **Spain** (see Fig. 3 and Fig. 6).
- The intensification of attacks in **Russia** and **Ukraine** also pushed **geopolitical risk indicators** higher in both countries this week, bringing them closer to the extreme-risk zone (see Fig. 3 and Fig. 5).

FIG 1. GLOBAL MAP - EPU
(Total media. 28-day weighted mov avg, normalized by its own history)



Source: BBVA Research & www.gdelt.org.**Dark (light) color indicates higher (lower) risk relative to the mean of period 2021-nowadays**

FIG 2. MIDDLE EAST - GEOPOLITICAL RISK
(Total media. 28-day weighted mov avg, normalized by its own history)



Source: BBVA Research & www.gdelt.org. **Positive (negative) values indicates greater (lower) uncertainty 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.**

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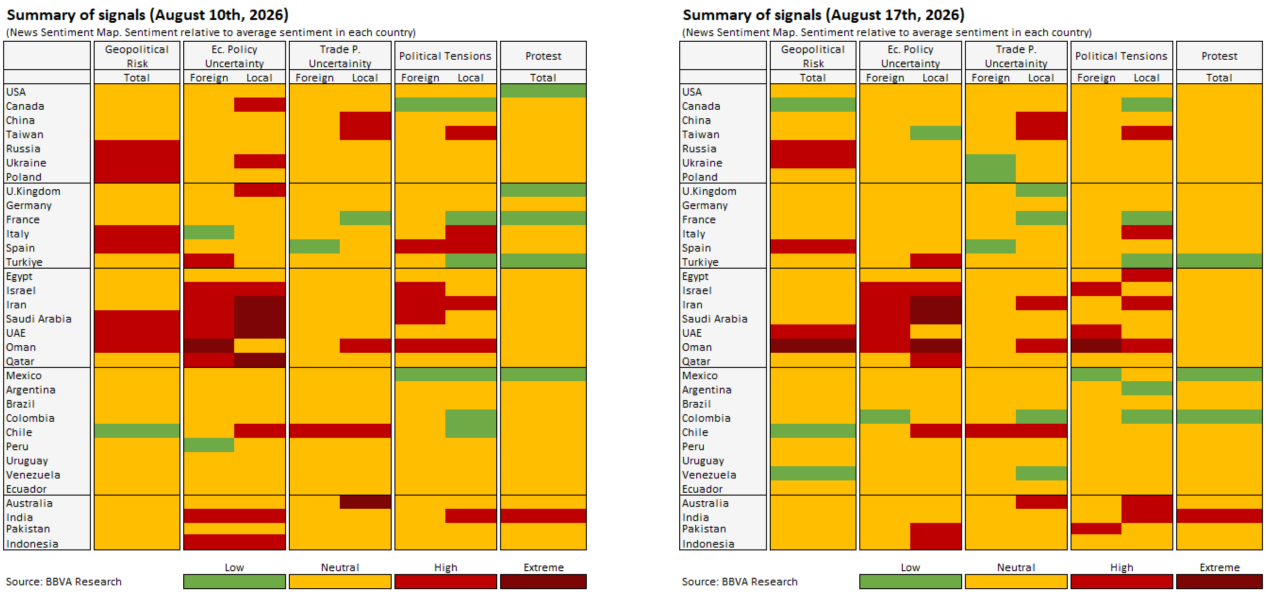
FIG 3. BBVA RESEARCH GEOPOLITICS MONITOR "SIGNAL" CHANGES

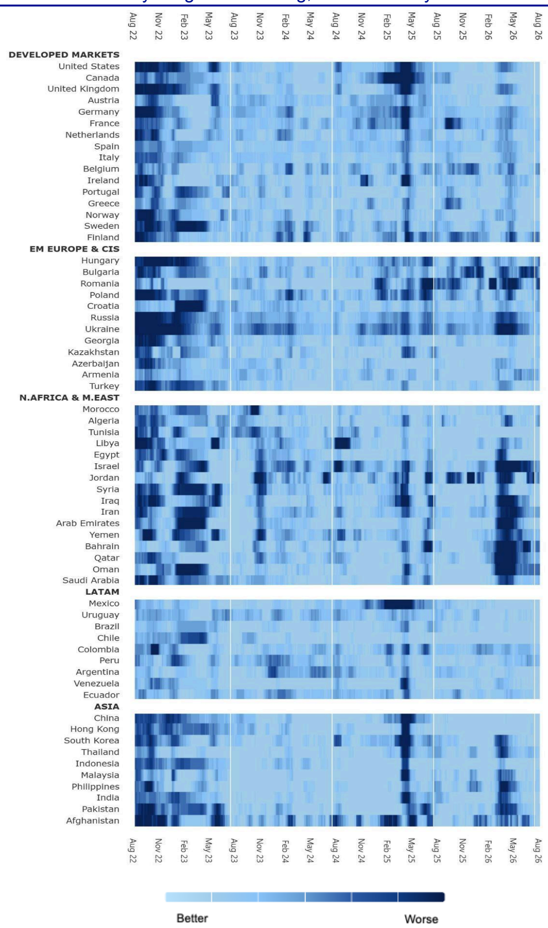
(Signals in Geopolitical Risk, Economic Policy Uncertainty, Trade Policy Uncertainty, Political Tensions and Protest according to Standard Dev)



Source: BBVA Research and http://www.gdelt.org/

FIG 4. ECONOMIC SENTIMENT MAP

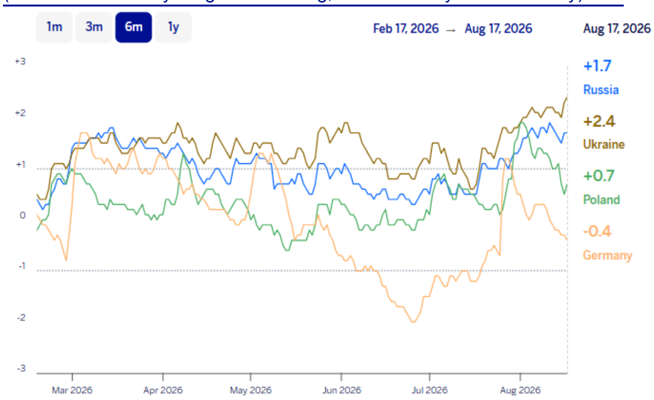
(Local media. 28-day weighted mov avg, normalized by its own history)



Source: BBVA Research & www.gdelt.org. **Darker Blue colors stands for higher economic policy uncertainty while lighter blue colors for low uncertainty**

FIG 5. EUROPE - GEOPOLITICAL RISK

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



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

FIG 6. EUROPE - GEOPOLITICAL RISK

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

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

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 Schrodt (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.

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