

Geopolitics

# BBVA Research Big Data Geopolitics Monitor

Big Data Unit  
9 January 2024

## Israel focuses on Central and Southern Gaza and airstrikes on Hezbollah increased, rising the risks of regional spill-overs\*

Israel shifted the strategy against Hamas signaling an end to its bombardment of northern Gaza and focusing now on Central and Southern Gaza. Moreover, airstrikes against Hezbollah increased, killing top leaders including Wissam al-Tawil “Jawad” (deputy head of the elite Radwan force) in Southern Lebanon. Israel's Prime Minister, Benjamin Netanyahu, has stated the war will continue until Hamas is eliminated and hostages are returned. The reaction of the different players have been:

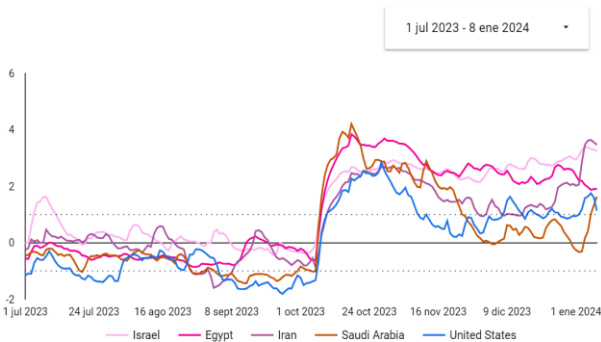
- **United Nations:**The UN Relief and Works Agency (UNRWA) highlighted its incapacitation in providing assistance, with Gaza being on the brink of a humanitarian collapse. Moreover, UNIFIL observed intense exchanges of fire along the Blue Line between Lebanon and Israel, indicating greater risks for the conflict.
- **United States & EU Diplomacy:** US Secretary of State Blinken and EU foreign policy chief Josep Borrell warned of the war potentially escalating into a regional conflict. They emphasized the importance of de-escalation, the release of hostages and expanded humanitarian aid. Borrell specifically noted the imperative of preventing Lebanon from being drawn into the conflict and voiced concerns over escalating exchanges of fire.
- **Regional security concerns:** Hezbollah and Houthi militants have increased their attacks, signaling a broader regional unrest. The costs of shipping goods from China to Europe and the US by water have been rising strongly again recently and the Freightos Baltic Index for the route China-Europe more than doubled in the last week of December.

### The BBVA Monitor: Tensions in the Middle East remain. Iranian Indexes worsen but S. Arabia keep neutral

Most of the indexes of the Middle East experienced new risk pressures while in Western Countries indexes have returned to neutral levels. In Emerging Countries, Argentinian indexes (Economic Policy Uncertainty and Protest) weakened after the new measures announced by the Government:

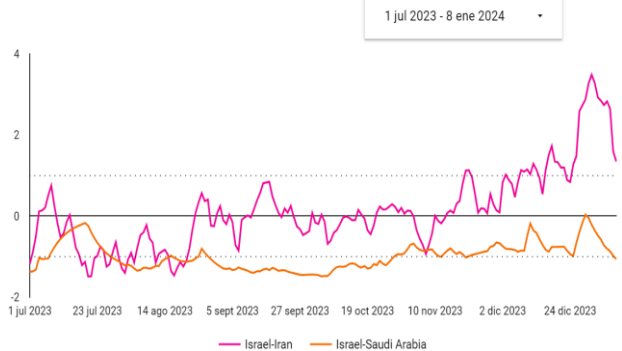
- The **levels of Geopolitical & Conflict sentiment maintained high to extreme levels in the M. East** (Fig 1).
- The **Political indexes in the M. East and UK stay in the risk area except in S. Arabia** (Fig 2 & Fig 3).
- The **Bilateral Relation Index of Israel-Iran increased to the Risk area while Israel-Saudi Arabia remained safe** (Fig 2).
- The **Economic Policy Uncertainty index kept resilient** since the beginning of the conflict with some signals of deterioration but in the neutral area However, Argentinian Economic Policy Uncertainty remained at risk level, but moderating after the new measures introduced by the new Government.

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



Source: BBVA Research & [www.gdelt.org](http://www.gdelt.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.gdelt.org](http://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 (December 26th, 2023)**

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



Source: BBVA Research

**Summary of Signals After Hamas-Israel Conflict (January 9th, 2024)**

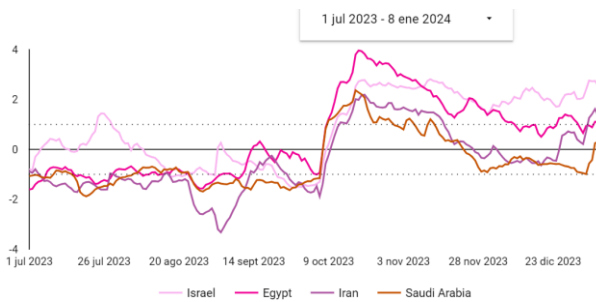
(News Sentiment Map. Sentiment relative to average sentiment in each country)



Source: BBVA Research

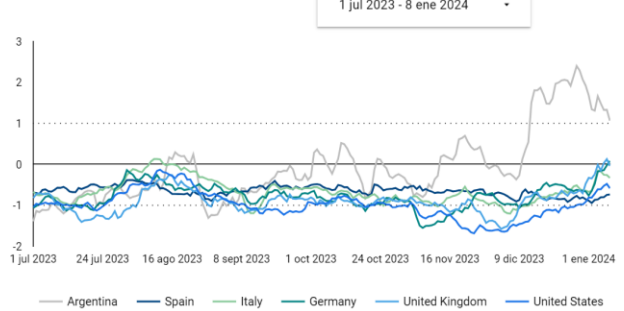
Source: BBVA Research and [www.qdelt.org](http://www.qdelt.org)

**Fig4. POLITICAL TENSIONS INDEX: M.EAST**  
(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

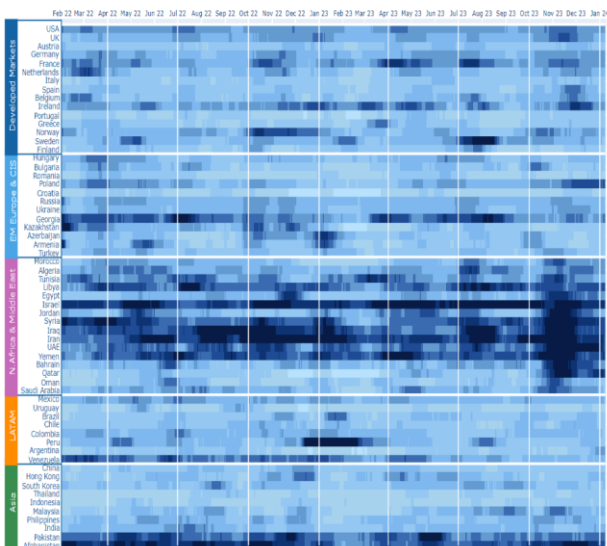
**Fig5. ECONOMIC POLICY UNCERTAINTY**  
(28-day weighted moving avg, normalized by its own history)



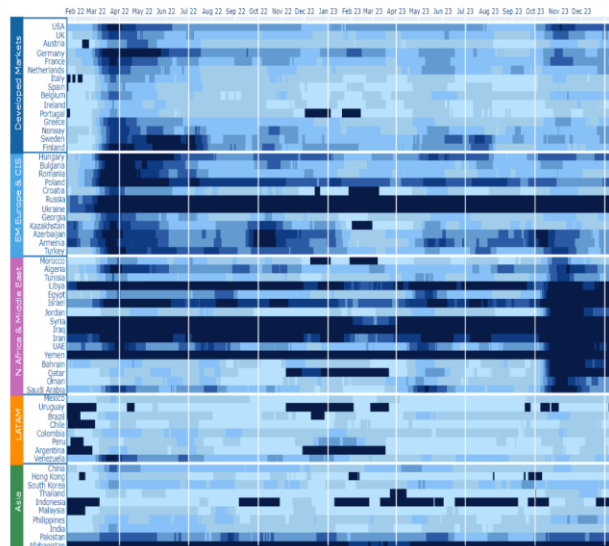
Source: BBVA Research & [www.qdelt.org](http://www.qdelt.org). Positive (negative) values indicate greater (lower) risk relative to the mean of period 2021-nowadays

**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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