

Geopolitics

BBVA Research Big Data Geopolitics Monitor

Big Data Unit
14 May 2024

Fights between Israel and Hamas continue. Putin reshuffled top defense positions. Trump ahead on US Presidential polls

Fights between Israel and Hamas continue: The fights between Israel and Hamas intensified and continued in Gaza, as mediators pushed for a resumption of talks to pause fighting and free hostages held in the enclave. The UN has warned against a full-scale ground attack on Rafah which would lead to an "epic humanitarian disaster". The US President has called an Israeli ground offensive against Rafah a "red line" .

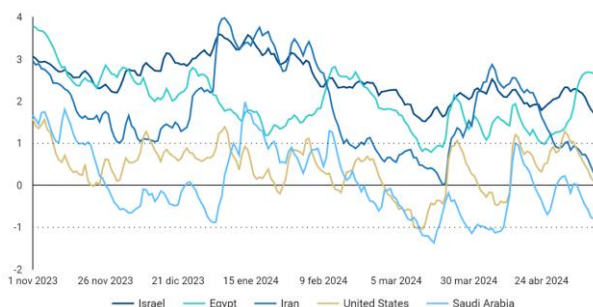
Putin replaces Defence Chiefs: Vladimir Putin replaced two of his top security officials. Putin has replaced the defense minister Sergei Shoigu (minister since 2012) to become head of Russia's security council. Andrei Belousov, a deputy prime minister and longtime economic adviser to Putin, will replace Shoigu (FT). According to official sources, the Kremlin appointed an economic official to control defense expenses (Russia's security budget reached 6.6% of GDP).

Trump leads in Swing States: According to a NY Times/Siena survey (link), Trump leads Biden in every of the swing states except Michigan and is ahead of Biden among registered voters in all swing states except Wisconsin. According to the latest national poll of polls (ABC News), Trump leads 41.2% to 40.3% for Biden.

The BBVA Monitor: Protest indicators increased in the US and Europe, as well as the conflict index and Geopolitical risk in the US and Middle East, that continues in the spotlight

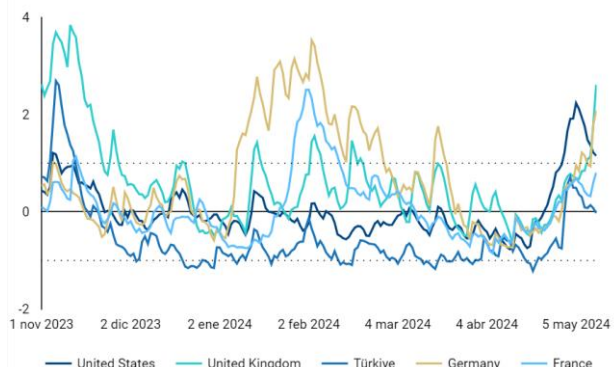
- **Massive university protests** against Israel's war in Gaza continued during the week. While they started to decrease in **the US**, the indicator is still in the high risk area. On the other hand, they raised sharply to the high risk area in some European countries, such as the **UK and Germany**, where they joined in the latter country to the climate protesters against Tesla's expansion plans in the country. The protests in **Israel** calling for a deal to bring home hostages held in Gaza, early elections and the resignation of Prime Minister Netanyahu are well alive, keeping the indicator in the extreme area (Fig 2 and Fig 3).
- The conflict in Hamas continued and intensified during the week, maintaining the **Conflict indicators in the high risk area in the Middle East** (Fig 1 and Fig 3). The Geopolitical risk indicators, on the other hand, mildly eased in the region, in Israel and Iran, while it increased in Egypt (Fig 1 and Fig 5).
- **Political tensions** continued at high levels, although they started to moderate, in **Spain** (Fig 3).
- In the case of Latam, the **Geopolitical risk** indicators kept contained (Fig 4).

Fig1. **GEOPOLITICAL RISK: US & MIDDLE EAST**
(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

Fig2. **PROTEST INDEX: US & 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
(Signals in Geopolitical Risk, Political Tensions, Economic Policy Uncertainties, Protest and Conflict according to Standard Dev)

Summary of Signals After Hamas-Israel Conflict (May 6th, 2024)
(News Sentiment Map. Sentiment relative to average sentiment in each country)

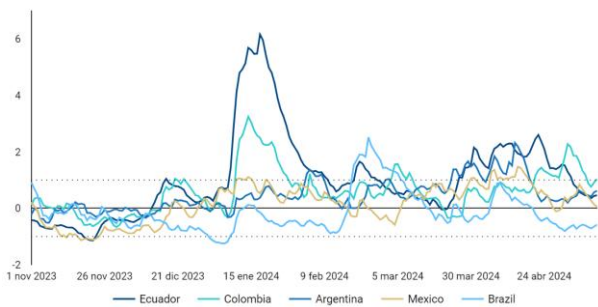


Summary of Signals After Hamas-Israel Conflict (May 13th, 2024)
(News Sentiment Map. Sentiment relative to average sentiment in each country)



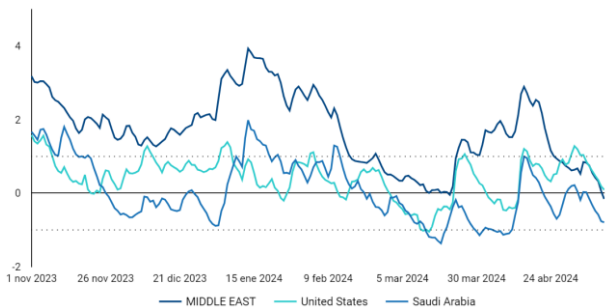
Source: BBVA Research and www.qdelt.org

Fig4. GEOPOLITICAL SENTIMENT: LATAM
(28-day weighted moving avg, normalized by its own history)



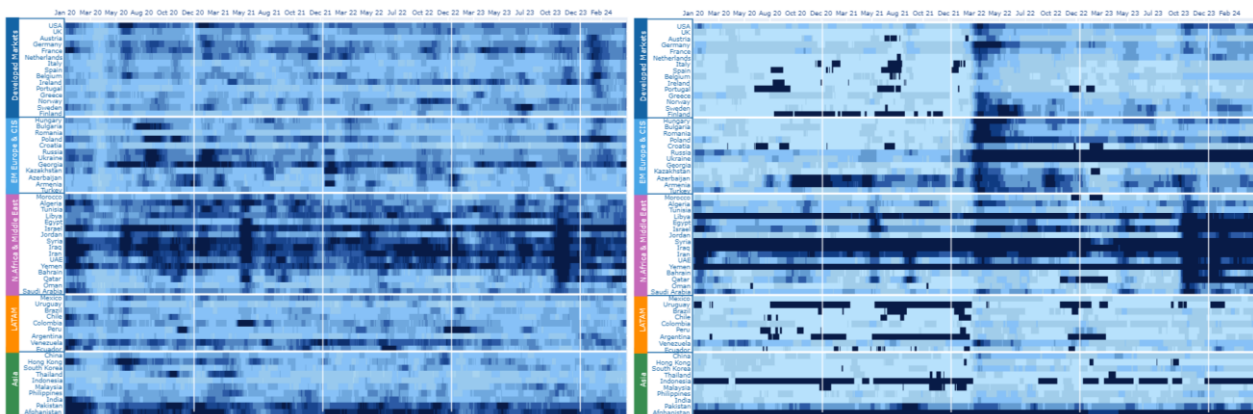
Source: BBVA Research & www.qdelt.org. Positive (negative) values indicate greater (lower) risk relative to the mean of period 2021-nowadays

Fig5. GEOPOLITICAL RISK: ME, US & SAUDI ARABIA
(28-day weighted moving avg, normalized by its own history)



Source: BBVA Research & 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)



Source: BBVA Research and 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 Schrod (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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