BBVA Research

Geopolitics

BBVA Research Big Data Geopolitics Monitor

Big Data Unit
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Israel jumps out of Gaza. Netanyahu's visit to the US will be eclipsed by the new political outlook in the US as Biden finally resigns. Kamala Harris will replace him.

Israel strikes Yemen after Tel Aviv drone attack: Israel carried out airstrikes on Yemen's Houthi-controlled Red Sea port of Hodeidah in response to a Houthi drone attack on Tel Aviv. This is Israel's first direct response to numerous alleged Yemeni drone and missile attacks in recent months. (CNN). Israeli Prime Minister Binyamin Netanyahu's visit to Washington this week will be less politically relevant in light of Biden's resignation.

Biden finally steps down and Kamala Harris replaces him as a candidate: US President Joe Biden finally announced his withdrawal from the 2024 Presidential race, after mounting pressure following his poor debate performance against Donald Trump on June 27th. Biden endorsed Vice President Kamala Harris for the Democratic Party's presidential nomination, who has received support from prominent Democrats such as Nancy Pelosi, Hillary and Bill Clinton. The Democratic Party will officially nominate Harris at an open convention on August 19th. Her running mate has yet to be chosen, according to Democratic donor Josh Shapiro of Pennsylvania, Arizona Senator Mark Kelly and Roy Cooper of North Carolina are the favorites to become Kamala Harris's vice presidential running mate.(FT)
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The BBVA Monitor: political tensions decreased in the US, while it sharply rose in Pakistan

- **Political tensions** index in the **United States** corrected last week's sharp rise after the assassination attempt on Trump (Fig 1). On the other hand, the **bilateral tensions** index between the US and Russia deteriorated and moved into the high-risk zone (Fig 2).
- **Protest indicator rose sharply in Pakistan,** moving to the Extreme Risk level. Thousands of people are taking part in a sit-in protest after authorities fired on participants of a peaceful demonstration in Khyber-Pakhtunkhwa on July 19. Conflict and geopolitical risk indices also increased. (Fig 3 and Fig 4).
- **Economic policy index** decreased in **Turkey** this week after last week increases for the corporate tax overhaul announcement (Fig 5).

Fig1.**POLITICAL TENSIONS INDEX: UNITED STATES**
(28-day weighted moving avg, normalized by its own history)
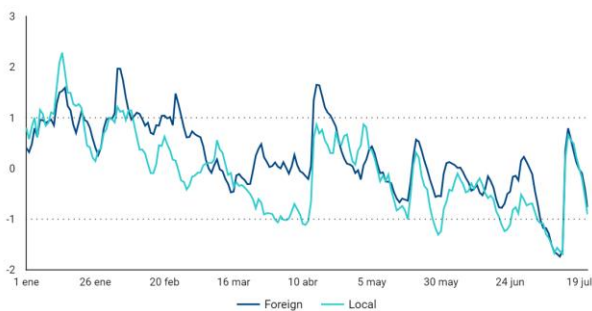
Source: BBVA Research & www.gdelt.org. **Positive (negative) values indicate greater (lower) risk relative to the mean of period 2021-nowadays**

Fig2. **BILATERAL TENSIONS: USA-EU & USA-RUSSIA**
(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 (July 16th, 2024)**
(News Sentiment Map. Sentiment relative to average sentiment in each country)

Summary of Signals After Hamas-Israel Conflict July 23rd, 2024)
(News Sentiment Map. Sentiment relative to average sentiment in each country)

Source: BBVA Research and www.gdelt.org

Fig4. PROTEST INTENSITY INDEX: PAKISTAN
(28-day weighted moving avg, normalized by its own history)
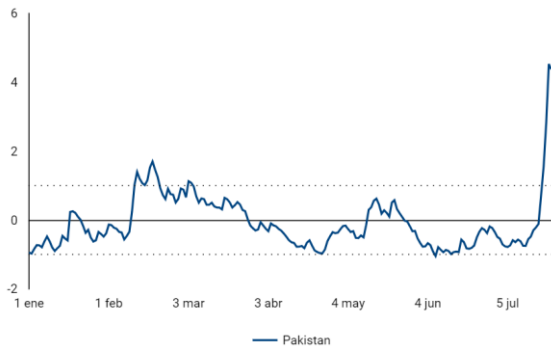
Source: BBVA Research & www.gdelt.org. **Positive (negative) values indicate greater (lower) risk relative to the mean of period 2021-nowadays)**

Fig5. ECONOMIC POLICY UNCERTAINTY: TURKEY
(28-day weighted moving avg, normalized by its own history)
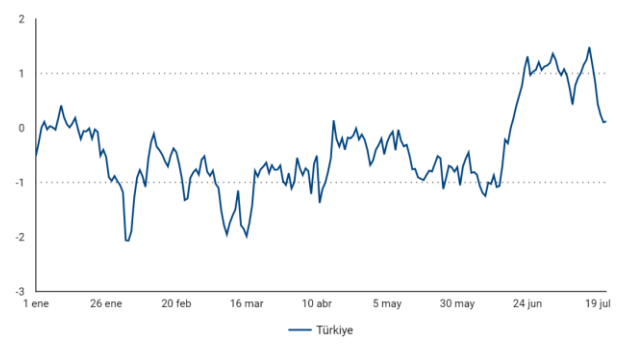
Source: BBVA Research & www.gdelt.org. **Positive (negative) values indicate greater (lower) risk relative to the mean of period 2021-nowadays)**

Fig6. BBVA RESEARCH PROTEST AND CONFLICT HEAT MAPS
(Evolution of Protest and Conflict over time by regions)
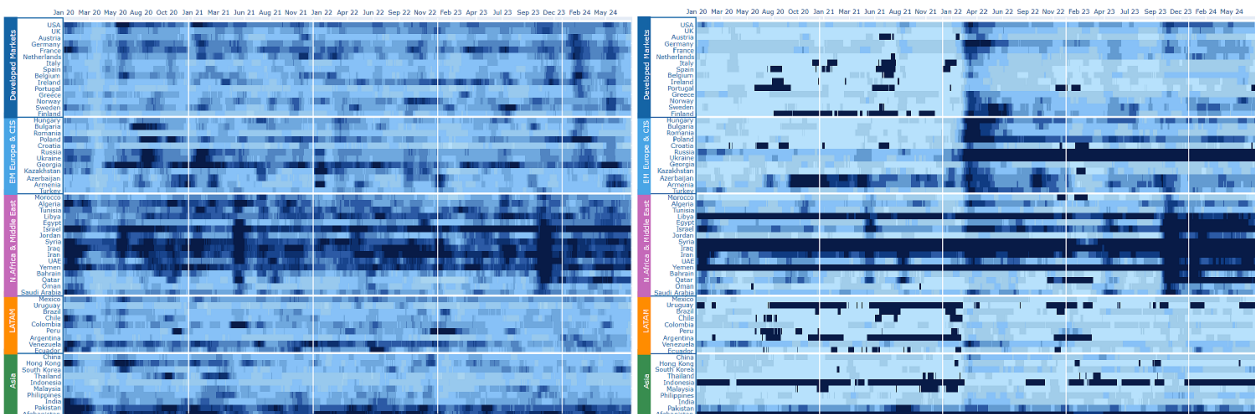
Source: BBVA Research and www.gdelt.org

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 Schrodt (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 normalized 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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