Geopolitics

BBVA Research Big Data Geopolitics Monitor

Big Data Unit

25 September 2024

Pressure on Hezbollah increases and raises world alarms. Trump outlines his protectionism policy

Pressure on Hezbollah increases: Hezbollah confirmed on Tuesday that one of its top commanders, Ibrahim Qobeissi, was killed in an Israeli airstrike targeting a building in Beirut. The strike, part of a series of attacks on senior Hezbollah figures, comes amid a massive Israeli bombardment of southern and eastern Lebanon. The Israeli Defense Forces (IDF) stated that it has hit 3,000 Hezbollah targets over the past two days, resulting in significant casualties, with Lebanese authorities reporting at least 558 deaths and 2,000 injuries since the attacks began (FT).

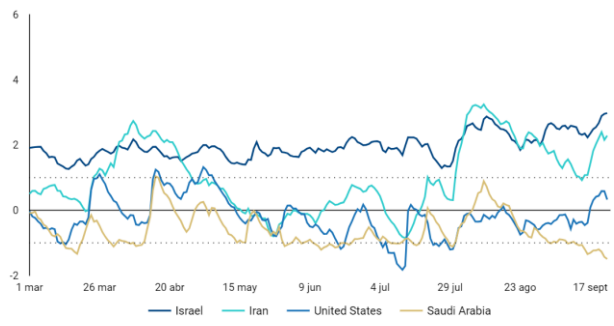
The situation in Lebanon raises world alarms: The escalating conflict has prompted global concern, with international leaders, including US President Joe Biden, calling for diplomacy as the only viable solution to prevent further regional escalation. Hezbollah, which claims to be defending Lebanon against Israeli aggression, has continued its counterattacks, utilizing new rocket technology in strikes on Israeli military bases. The situation has led several countries, including the UK and US, to urge their nationals to leave Lebanon, while world leaders at the UN General Assembly warned that the hostilities risk tipping into an all-out regional war.

Trump outlined his protectionist policy: Donald Trump, outlined his protectionist industrial policy, promising a resurgence of American manufacturing if he wins. His rhetoric targeted foreign nations, warning they would lose jobs to the U.S. Trump's approach contrasts with Democrats, who warn that his policies, such as scrapping Biden's Inflation Reduction Act, would hurt economic recovery and disrupt international investment. Harris continues leading ABC's Poll of Polls (48.3% vs 45.8%), although the polls on key states show a tight election ahead.

The BBVA Monitor: increasing geopolitical risk in the Middle East and political tensions in the high-risk area in Venezuela

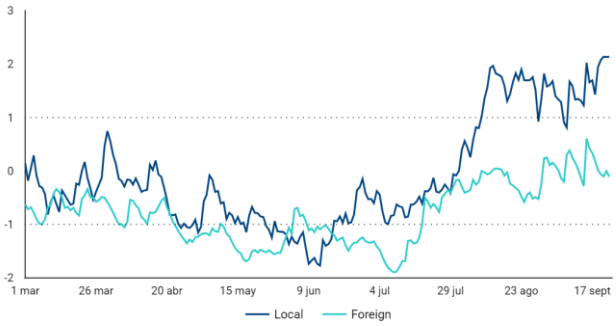
- **Geopolitical risk and conflict** indicators increased in the last two weeks in **Israel and Iran,** approaching the extreme risk levels given the increasing tensions and risk of a wider escalation (Fig. 1 and Fig. 3). Geopolitical tensions rose in **Russia and Ukraine** too (Fig. 3 and Fig. 5).
- In the case of the **political tensions index**, the indicator continued worsening in Venezuela (Fig. 2), while it started to ease in **Spain** after the increases of last week (Fig. 3 and Fig. 4) and in the Us, which came back to the neutral area (Fig. 3).

Fig1. **GEOPOLITICAL RISK: ISRAEL, IRAN, US, SA**
(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. **POLITICAL TENSIONS: VENEZUELA**
(28-day weighted moving avg, normalized by its own history)

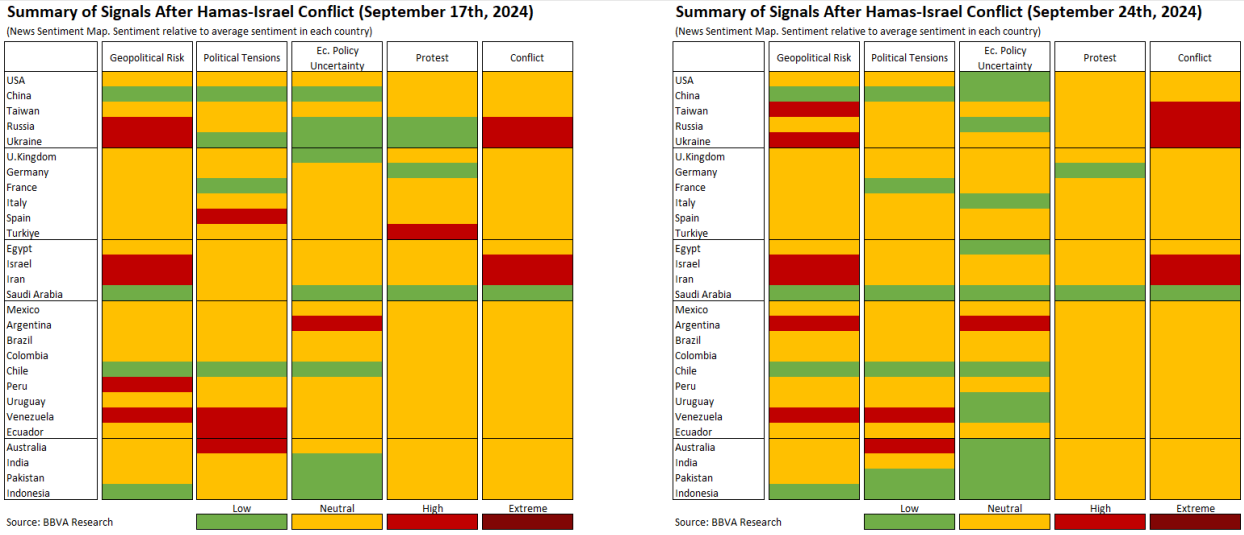


Source: BBVA Research & www.gdelt.org. **Positive (negative) values indicate greater (lower) risk relative to the mean of period 2021-nowadays)**

***The selection of news has been enriched by the BBVA Research Geo Assistant developed with Chat-GPT.**

Fig3. **BBVA RESEARCH GEOPOLITICS MONITOR "SIGNAL" CHANGES**

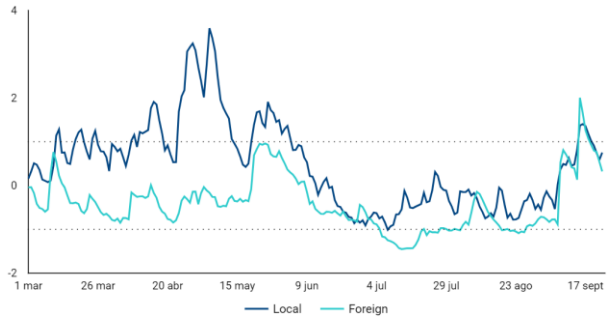
(Signals in Geopolitical Risk, Political Tensions, Economic Policy Uncertainties, Protest and Conflict according to Standard Dev)



Source: BBVA Research and www.gdelt.org.

Fig4. **POLITICAL TENSIONS: SPAIN**

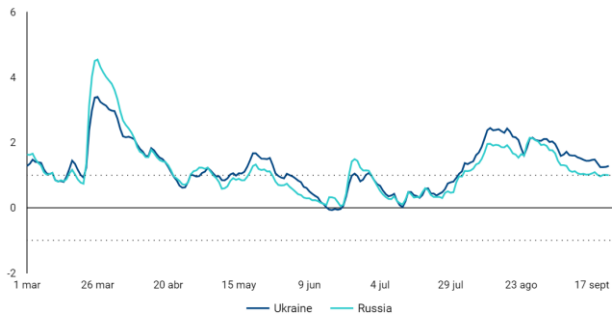
(28-day weighted moving avg, normalized by its own history)



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

Fig5. **GEOPOLITICAL RISK: RUSSIA & UKRAINE**

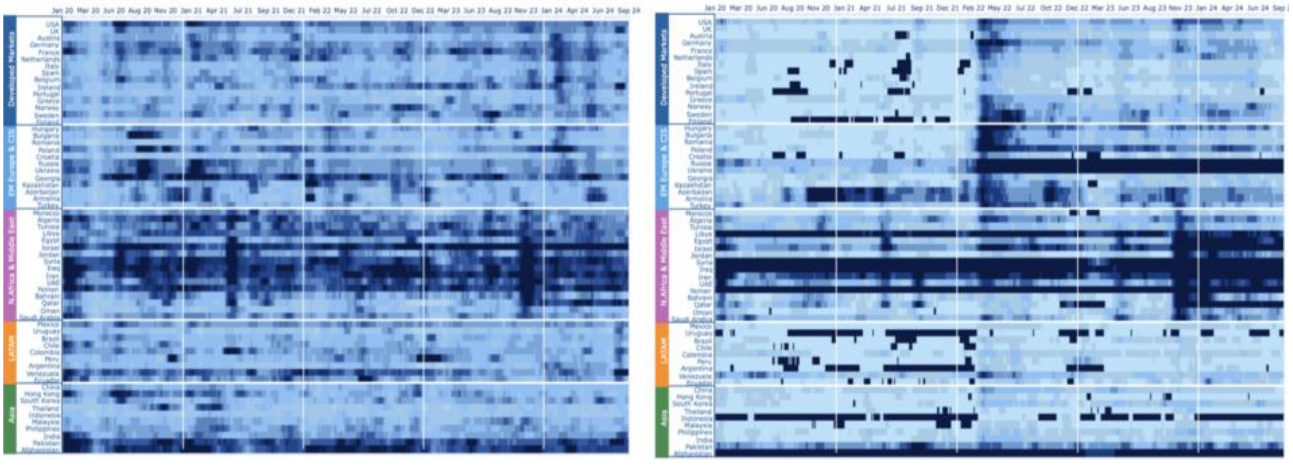
(28-day weighted moving avg, normalized by its own history)



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 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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