

Geopolitics

BBVA Research Big Data Geopolitics Monitor

Big Data Unit
2 October 2024

The conflict between Iran and Israel escalates... and it enters the US presidential elections

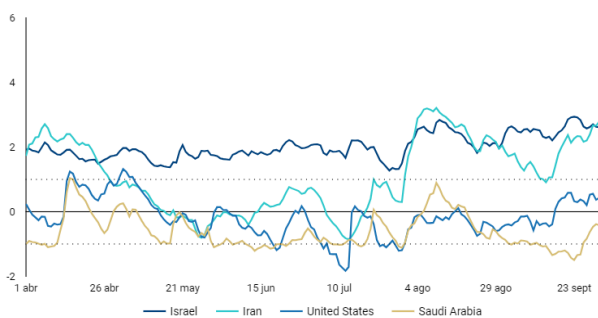
Iran Escalated Tensions: Iran escalated tensions in the Middle East by launching approximately 200 missiles at Israel, most of which were intercepted or missed their targets. Israeli Prime Minister Benjamin Netanyahu vowed retaliation, stating that Iran made a "big mistake" and would "pay for it". The attack followed Israel's confirmation of a military operation inside Lebanon and the killing of Hezbollah leader Hassan Nasrallah. If it was a heavy attack, it was also well defended. The missile barrage resulted in minimal damage, with Israeli air defense systems and a coalition led by the United States intercepting most of the incoming missiles. One person was reported killed by shrapnel from an Israeli interceptor. Iran's Islamic Revolutionary Guard Corps claimed responsibility for the missile launch, declaring it a response to the killings of Nasrallah and an Iranian commander. They warned of "further crushing and destructive acts" if Israel retaliated. The incident has raised concerns about a broader regional conflict, with analysts suggesting that Israel's response could determine the extent of the escalation ([WSJ](#)).

The Middle East escalation now enters the US Presidential Elections: US President Joe Biden affirmed full support for Israel and mentioned active discussions about a response to the attack. The Biden administration can face the possibility of a Middle Eastern war drawing in the U.S after Iran fired missiles at Israel. With US National Security Adviser Jake Sullivan warning of "severe consequences" for Iran, his situation has echoed past "October surprises," where unexpected global events affect US elections and Europe. Kamala Harris continues leading the polls (48.6% to 45.9%).

The BBVA Monitor: increasing geopolitical risk in the Middle East with risk of a broader conflict

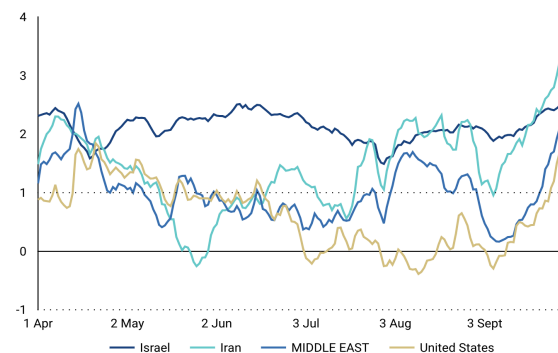
- **Geopolitical risk and conflict** indicators rose in **Israel and Iran** after the latest developments and attacks. **Conflict** indices went to the **extreme risk area**, signaling the risk of escalation into a broader regional conflict. The recent attacks this week also trigger the **US** involvement in the issue, raising its conflict indicator too (Fig. 1, Fig. 2 and Fig. 3).
- **Political tensions** continued in the risk area in **Venezuela**, far from being solved (Fig. 3 and Fig. 4). The indicator also rose significantly in **Australia** compared to his historic performance given demonstrations against conflicts in Gaza and Lebanon, involving the reaction of some political parties (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. **CONFLICT INDEX: MIDDLE EAST & USA**
(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)

BBVA Research Geopolitics Monitor main "Signal" changes after the Hamas-Israel Conflict

Summary of Signals After Hamas-Israel Conflict (September 24th, 2024)
(News Sentiment Map. Sentiment relative to average sentiment in each country)



Source: BBVA Research

Summary of Signals After Hamas-Israel Conflict (October 2nd, 2024)
(News Sentiment Map. Sentiment relative to average sentiment in each country)

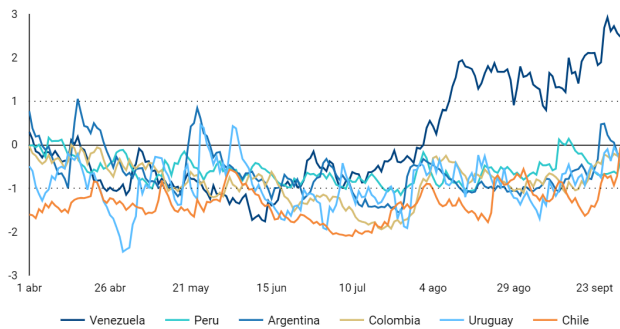


Source: BBVA Research

Source: BBVA Research and www.gdelt.org.

Fig4. **POLITICAL TENSIONS: LATIN AMERICA**

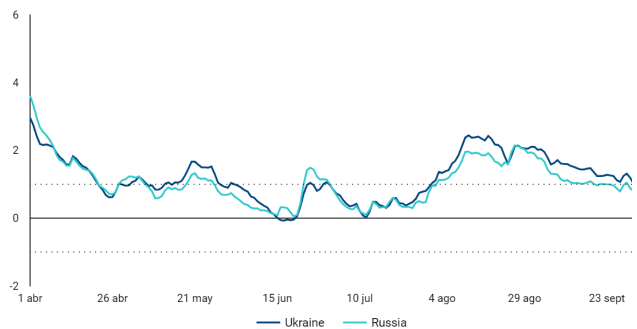
(28-day weighted moving avg, normalized by its own history)



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**

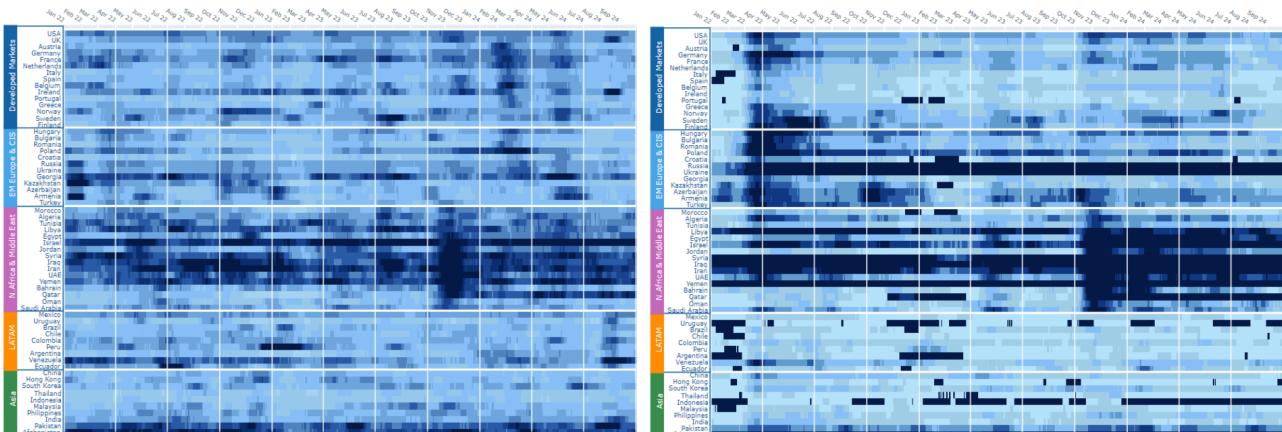
(28-day weighted moving avg, normalized by its own history)



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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