BBVA
Research

**Geopolitics**

# BBVA Research Big Data Geopolitics Monitor

Big Data Unit
**27 November 2024**

## Israel and Hizbullah agree on a ceasefire. Trump nominates Bessent as US Secretary of the Treasury. Mexican President threaten to retaliate on tariffs

**Israel and Hizbullah agree on ceasefire:** A US-brokered ceasefire between Israel and Hizbollah has taken effect in Lebanon, following a year of intense hostilities. Announced by US President Joe Biden and approved by Israel's security cabinet, the ceasefire includes conditions such as the withdrawal of Israeli forces from Lebanon within 60 days, to be replaced by the Lebanese army. Hizbollah fighters will relocate north of the Litani River, and the group is barred from rebuilding its infrastructure in southern Lebanon. The agreement, supported by US and French diplomatic efforts, aims for a permanent cessation of hostilities and marks a potential turning point in the long-standing conflict between Israel and Hizbollah ([FT](#)).

**Trump appoints Scott Bessent as US Secretary of the Treasury**: President-elect Donald Trump has nominated Scott Bessent as the next US Secretary of the Treasury.

**Mexico suggests it would impose its own tariffs to retaliate against any Trump tariffs.** Mexican President Claudia Sheinbaum signaled that Mexico would impose retaliatory tariffs if the US President-elect Donald Trump follows through on his threat of a 25% tariff on Mexican goods. She warned that escalating tariffs would harm both countries' economies, particularly the interconnected automotive industry. Her firm stance marks a departure from the more conciliatory approach of her predecessor ([AP](#)).

**The BBVA Monitor: THe escalation of the conflict between Russia and Ukraine continued**

- The conflict in **Ukraine and Russia** intensified during the week (Fig. 1 and Fig. 3). Russian forces made their most significant territorial gains since the start of the war. Moreover, the deployment of a Russian ballistic missile for the first time prompts NATO condemnation, reaffirming their support for Ukraine and increasing the conflict indicators in the **US** and some **European** countries (Fig. 3). In the Middle East, conflict indicators remain high in **Israel** and **Iran**, with high uncertainties persisting about the resolution of the conflict (Fig. 3 and Fig. 5).
- **In Mexico,** the geopolitical indicators kept contained despite the concerns of a potential trade war with the US. **Economic policy uncertainty index** rose after Trump' victory, but in the safe area (Fig. 2 and Fig. 3).
- **The political tensions indicator** continues to rise in **Venezuela**, given the heightened political tensions and its international stance given Government's plans to reassess its relationships with G7 nations given their recognition of opposition leader Edmundo González (Fig. 3 and Fig. 4).

Fig1. **CONFLICT INDEX: UKRAINE, RUSSIA**
(28-day weighted moving avg, normalized by its own history)
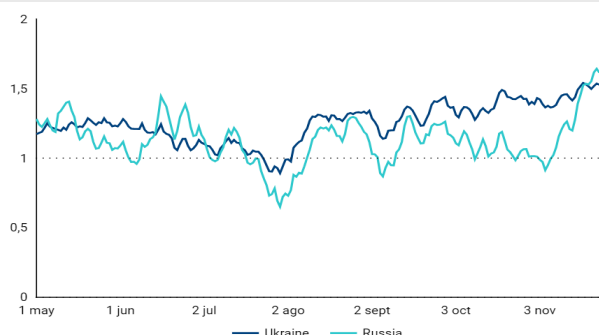


Source: BBVA Research & www.gdelt.org. **Positive (negative) values indicate greater (lower) risk relative to the mean of period 2021-nowadays**

Fig2. **ECONOMIC POLICY UNCERTAINTY: MEXICO**
(28-day weighted moving avg, normalized by its own history)
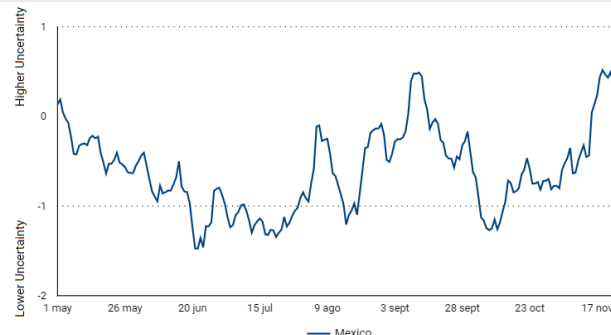


Source: BBVA Research & www.gdelt.org. **Positive (negative) values indicate greater (lower) risk relative to the mean of period 2021-nowadays**

**\*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 November 19th, 2024)
(News Sentiment Map. Sentiment relative to average sentiment in each country)

Summary of Signals After Hamas-Israel Conflict November 26th, 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 INDEX: 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)**
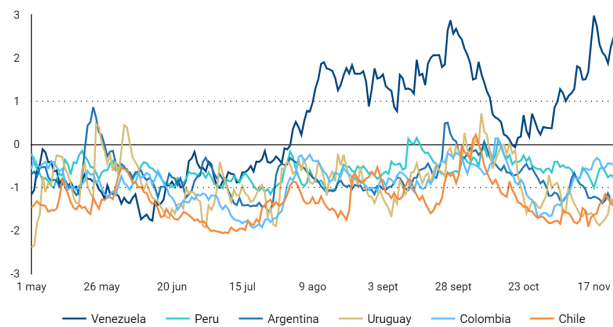
**Fig5. CONFLICT INDEX: ISRAEL, IRAN, US, SA**

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



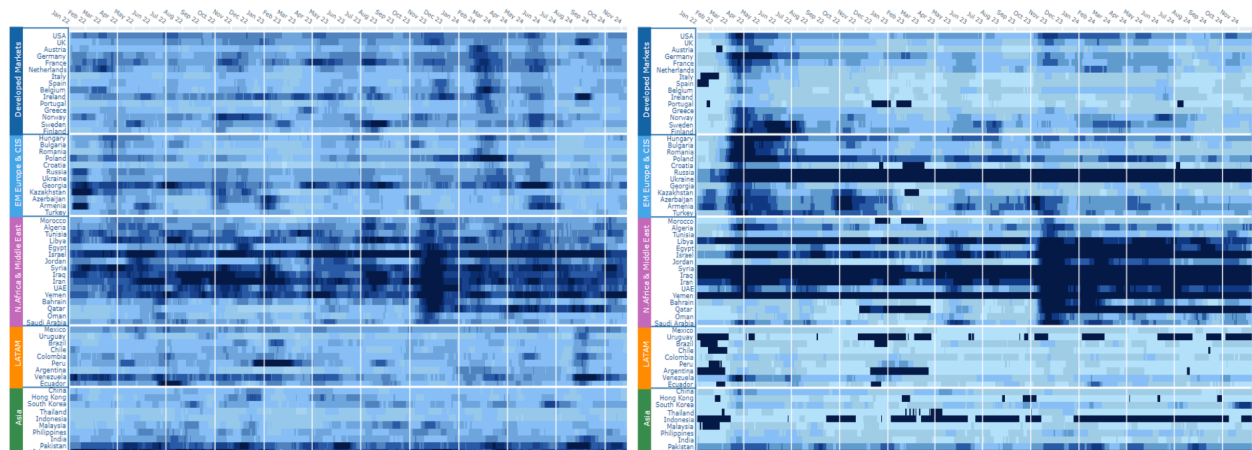Source: BBVA Research & www.gdelt.org. **Positive (negative) values indicate greater (lower) risk relative to the mean of period 2021-nowadays)**
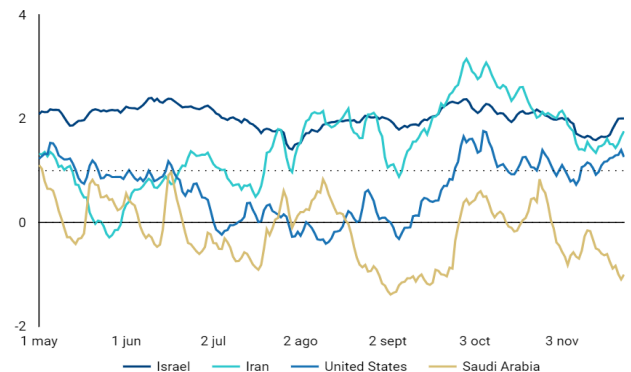
**Fig6. BBVA RESEARCH PROTEST AND CONFLICT HEAT MAPS**

(Evolution of Protest and Conflict over time by regions)



Source: BBVA Research and www.gdelt.org.

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# 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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