

Geopolitics

BBVA Research Big Data Geopolitics Monitor

Big Data Unit
15 January 2025

Israel and Hamas closer to a Ceasefire Deal. North Korea fired Ballistic Missiles into Sea of Japan and US condemns

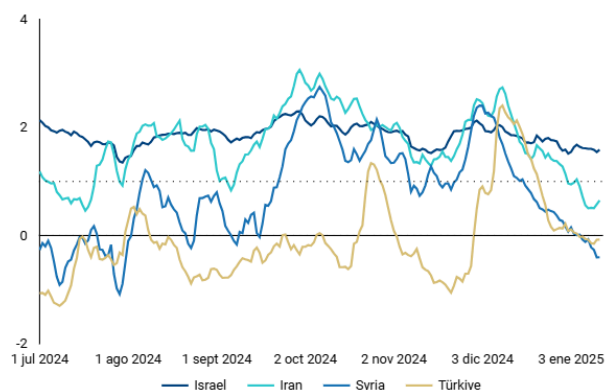
Israel and Hamas Finalizing Ceasefire Deal Amid International Mediation. Negotiations between Israel and Hamas have reached an advanced stage and a ceasefire agreement could be announced soon. The draft deal, mediated by the US, Qatar, and other regional powers, includes provisions to pause fighting in Gaza and secure the release of 33 hostages in exchange for Palestinian prisoners held in Israel. The first phase of the agreement would facilitate a temporary truce and the exchange of prisoners, with priority given to vulnerable hostages, such as women, children, and the elderly. Israeli officials have cautioned that the condition of the hostages remains uncertain, complicating negotiations over the number of Palestinian prisoners to be released. Hamas agreed to exile prisoners with long sentences, while receiving verbal guarantees from mediators for further negotiations toward a permanent ceasefire after the initial deal ([WSJ](#)).

US condemns North Korea Conducts Missile Tests. North Korea has fired two ballistic missiles into the Sea of Japan, denouncing ongoing U.S.-South Korea military drills as provocative. The launches mark the third such test this month, intensifying regional security concerns. The United States has condemned North Korea's recent missile test, labeling it a provocation that undermines regional stability. US officials are engaging with South Korea and Japan to coordinate a unified response ([CNN](#)).

The BBVA Monitor: the conflict intensity indicators eased in the Middle East given the potential ceasefire agreement. Political tensions are still high in Venezuela

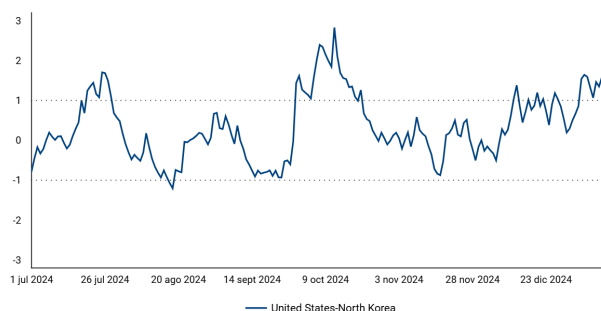
- The **conflict intensity index** eased this week too in the Middle East given the potential ceasefire agreement between Israel and Hamas, although **Israel** continues in the high-risk area (Fig.1 and Fig. 3). The conflict index in **Russia** and **Ukraine** increased over the last week (Fig.3 and Fig. 5).
- **Bilateral tensions indicator between the US and North Korea** are in the high risk area in January (Fig. 2 and Fig. 3).
- **Political tensions in Venezuela** are still high, but eased with respect to the last week (Fig. 3 and Fig. 4).

Fig1. **CONFLICT INDEX: ISRAEL&IRAN&SYRIA&TÜRKIYE**
(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: US-NORTH KOREA**
(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)

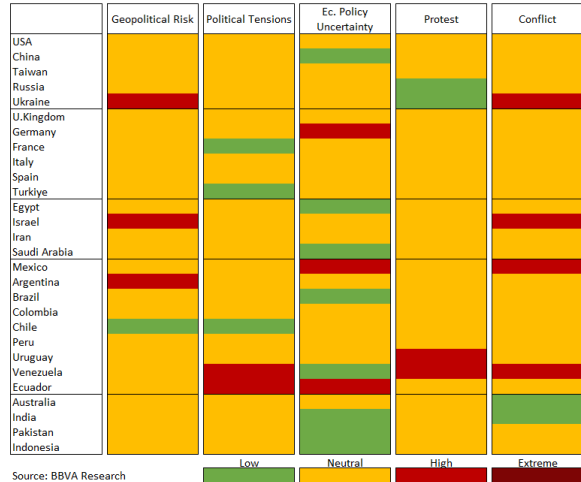
BBVA Research Geopolitics Monitor main "Signal" changes after the Hamas-Israel Conflict

Summary of Signals After Hamas-Israel Conflict January 7th, 2025
(News Sentiment Map. Sentiment relative to average sentiment in each country)



Source: BBVA Research

Summary of Signals After Hamas-Israel Conflict January 14th, 2025
(News Sentiment Map. Sentiment relative to average sentiment in each country)

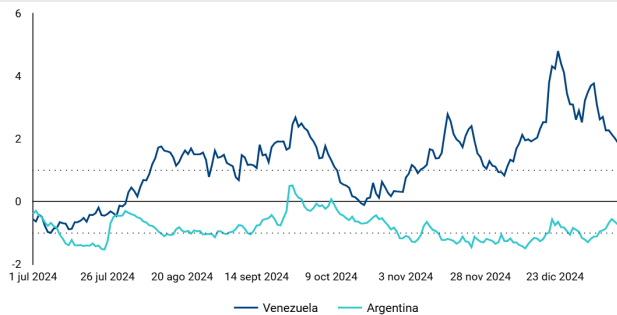


Source: BBVA Research

Source: BBVA Research and www.qdelt.org.

Fig4. **POLITICAL TENSIONS INDEX: VE & AR**

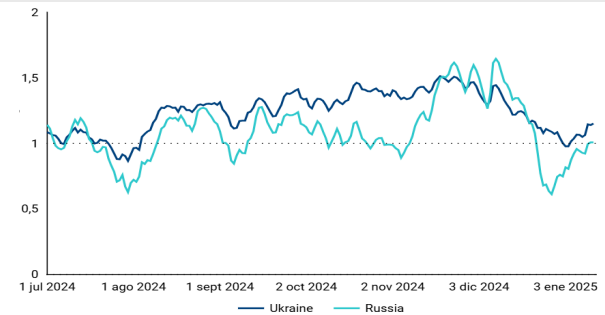
(28-day weighted moving avg, normalized by its own history)



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

Fig5. **CONFLICT INDEX: UKRAINE & RUSSIA**

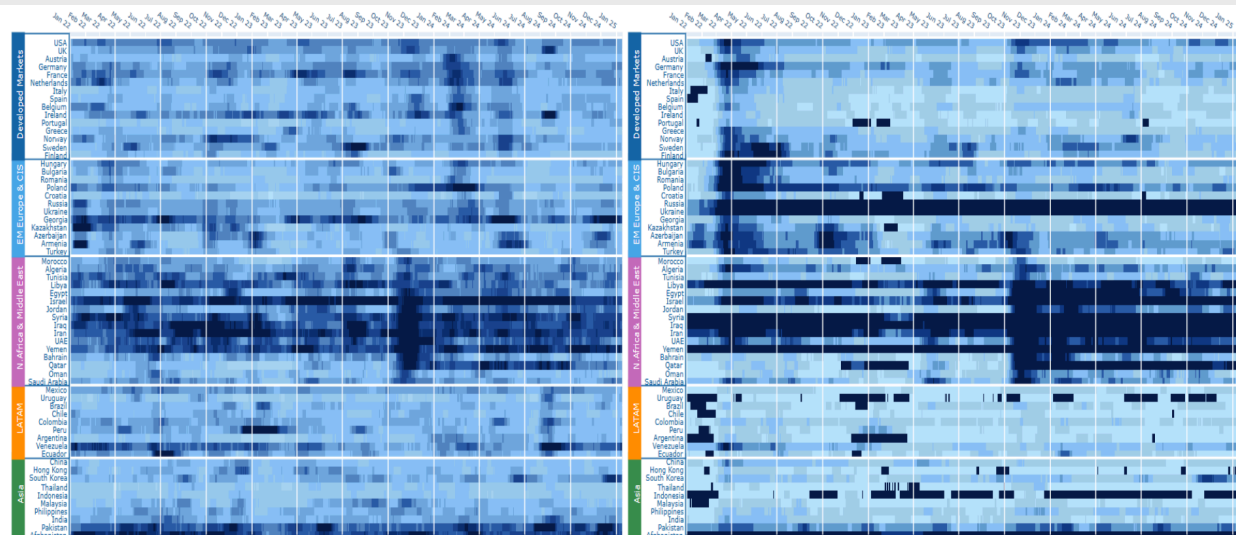
(28-day weighted moving avg, normalized by its own history)



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 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.

DISCLAIMER

The present document does not constitute an “Investment Recommendation”, as defined in Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (“MAR”). In particular, this document does not constitute “Investment Research” nor “Marketing Material”, for the purposes of article 36 of the Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organizational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (MIFID II).

Readers should be aware that under no circumstances should they base their investment decisions on the information contained in this document. Those persons or entities offering investment products to these potential investors are legally required to provide the information needed for them to make an appropriate investment decision.

This document has been prepared by the BBVA Research Department. It is provided for information purposes only and expresses data or opinions regarding the date of issue of the report, prepared by BBVA or obtained from or based on sources we consider to be reliable, and have not been independently verified by BBVA. Therefore, BBVA offers no warranty, either express or implicit, regarding its accuracy, integrity or correctness.

This document and its contents are subject to changes without prior notice depending on variables such as the economic context or market fluctuations. BBVA is not responsible for updating these contents or for giving notice of such changes.

BBVA accepts no liability for any loss, direct or indirect, that may result from the use of this document or its contents.

This document and its contents do not constitute an offer, invitation or solicitation to purchase, divest or enter into any interest in financial assets or instruments. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

The content of this document is protected by intellectual property laws. Reproduction, transformation, distribution, public communication, making available, extraction, reuse, forwarding or use of any nature by any means or process is prohibited, except in cases where it is legally permitted or expressly authorized by BBVA on its website www.bbvarresearch.com.

ENQUIRIES TO:

BBVA Research: Azul Street, 4. La Vela Building – 4th and 5th floor. 28050 Madrid (Spain).

Tel. +34 91 374 60 00 y +34 91 537 70 00 / Fax (+34) 91 374 25

www.bbvarresearch.com