

Geo-World: Conflict & Social Unrest April Update

Álvaro Ortiz and Tomasa Rodrigo. BBVA Cross Country Emerging Markets Unit

Attacks by Russian forces intensified in Ukraine during April, raising tensions in the zone and increasing the possibility of a renewed offensive. ISIS is trying to strengthen its foothold beyond the Middle East, extending through North Africa and Afghanistan. Instability remained in Yemen, prompting geopolitical concerns in the region. East Asia and Europe remained calm.

Geopolitical conflicts around the world slightly rebound in April...

BBVA Research World Conflict Heatmap (April, monthly changes)

(Number of conflicts / Total events)



Source: www.gdelt.org & BBVA Research

Ukraine-Russia situation intensified as threats of the ceasefire's collapse rose

Separatist attacks have increased in intensity in eastern Ukraine

ISIS pressures increased in the fragile neighbourhood

Afghanistan and North Africa increasingly targeted

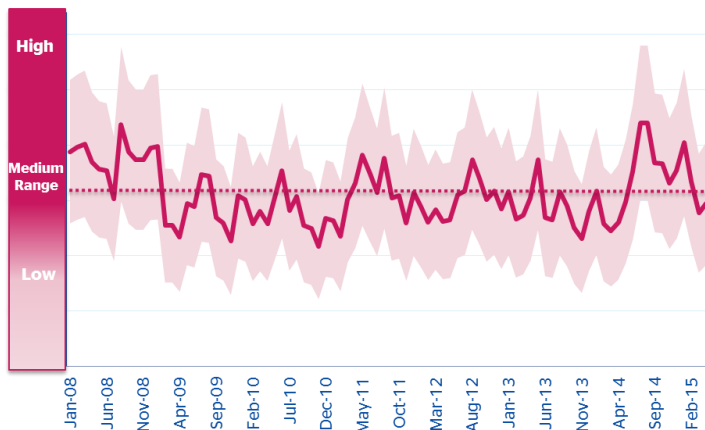
Yemen's proxy war still alive

Saudi-led coalition airstrikes remained at high intensity in the country

The BBVA Research world conflict intensity index¹ has mildly increased during April on a monthly basis, approaching the historical medium range again after two months of decline. **One of the main reasons for the rise was the intensification of the Ukraine-Russia crisis.** The probability of a renewed offensive in eastern Ukraine with the potential collapse of [the Minsk II agreement](#) has increased over the month. The redeployment of banned heavy weapons to the front line and the intensification of separatist attacks in eastern Ukraine are good indicators of that. Furthermore, **the arrival of U.S. military trainers in western Ukraine may be exploited by the Kremlin for further escalation.**

BBVA Research World Conflict Intensity Index 2008-2015

(Number of conflicts in the world / Total events in the world)



Source: www.gdelt.org & BBVA Research

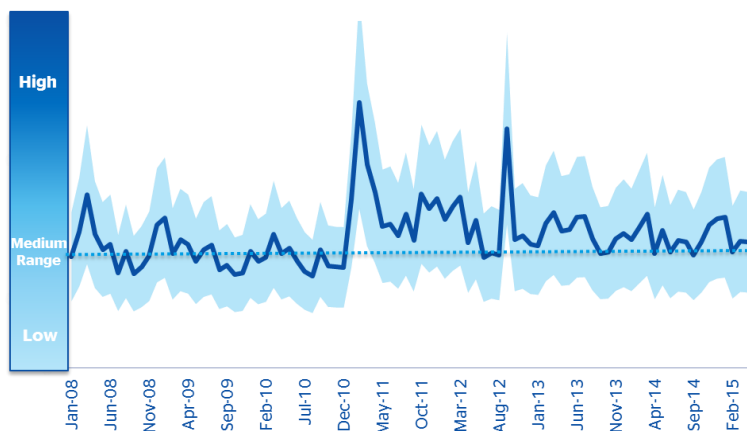
ISIS continued to hold an entrenched position in Syria and Iraq despite some recent successes by the Iraqi Government and the International Coalition in curbing some ISIS advances. **The Islamic group remained in North Africa, but it is also expanding its territory into Afghanistan,** which has become an attractive arena for the spread of ISIS after the recent attack in the city of Jalalabad, prompting fears of further attacks and the strengthening of the group in the region.

The ongoing **fighting in Yemen continued and intensified in some locations. The Houthis still seized and held territory despite the continuation of Saudi-led coalition airstrikes.** The security vacuum created by the conflict has enabled Islamic groups to increase their footprint in the country. A political solution of the conflict seems unlikely in the short term, introducing important challenges.

¹Details about methodology can be found in the following link: [Methodology, tracking protests and conflicts.](#)

BBVA Research World Protest Intensity Index 2008-2015

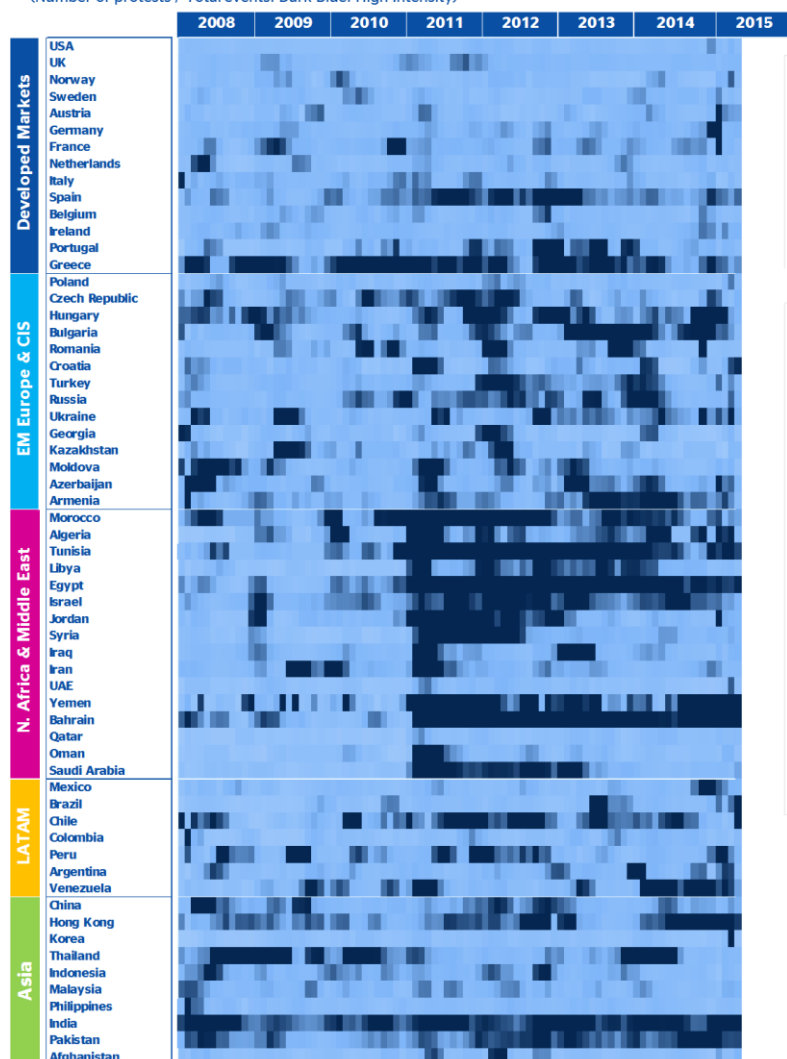
(Number of protests in the world / Total events in the world)



Source: www.gdelt.org & BBVA Research

BBVA Research World Protest Intensity Map Jan 2011 - Apr 2015

(Number of protests / Total events. Dark Blue: High Intensity)



Source: www.gdelt.org & BBVA Research

...while social unrest remained stable

Protests around the world remained at a stable level in April, staying slightly higher than the historical medium level and with significant heterogeneities between countries (as shown by our BBVA Research world protest intensity index²).

According to our BBVA Research world protest intensity map below, the main hot spots were the following:

- In regional terms, demonstrations continued to moderate in Western and Emerging Europe and in some Latin American countries. East Asia maintained calm. However, social pressures remained at high levels in the Middle East and North African countries, triggering instability in the area.

- In Western Europe, social tensions continued to ease, with only a mild increase in Spain after the demonstrations against the new Citizen Safety Law and in Greece given that social pressures and demands are still alive.

- In Emerging Europe and CIS countries, the social instability observed in Ukraine and Russia due to the conflict, economic deterioration and security reasons eased during April. Social discontent in some of its neighbours, such as Bulgaria and Hungary, has also started to relax. In contrast, protest intensity in Croatia has intensified reaching high levels given the several demands to restructure the debts after the sharp appreciation of the Swiss franc.

- In North Africa and the Middle East, social unrest continued at worrisome levels. Instability in Egypt and Tunisia remained high, while the instability observed in Algeria at the end of 2014 has started to relax. Some Gulf countries, such as Bahrain and Yemen, maintained extreme levels of unrest.

- In Latin America, the situation in Venezuela and Argentina relaxed, while it worsened in Brazil and Chile.

- Pressures continued to be stable in Asia, particularly focused on Hong Kong, India and Pakistan. Social alerts observed in South Korea in March have vanished.

In sum, social unrest in the Middle East and North Africa continued at critical levels in some countries, escalating after the Yemen crisis, the ISIS advance in North Africa and its recent footprint in Afghanistan. Social pressures eased

in most of Latin America with some exceptions, while they remained at stable levels in Western Europe and Asia.

²Details about methodology can be found in the following link: [Methodology, tracking protests and conflicts](#).

DISCLAIMER

This document has been prepared by BBVA Research Department, it is provided for information purposes only and expresses data, opinions or estimations 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.

Estimations this document may contain have been undertaken according to generally accepted methodologies and should be considered as forecasts or projections. Results obtained in the past, either positive or negative, are no guarantee of future performance.

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.

In regard to investment in financial assets related to economic variables this document may cover, readers should be aware that under no circumstances should they base their investment decisions in 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 take an appropriate investment decision.

The content of this document is protected by intellectual property laws. It is forbidden its reproduction, transformation, distribution, public communication, making available, extraction, reuse, forwarding or use of any nature by any means or process, except in cases where it is legally permitted or expressly authorized by BBVA.