

Geostrategic Analysis

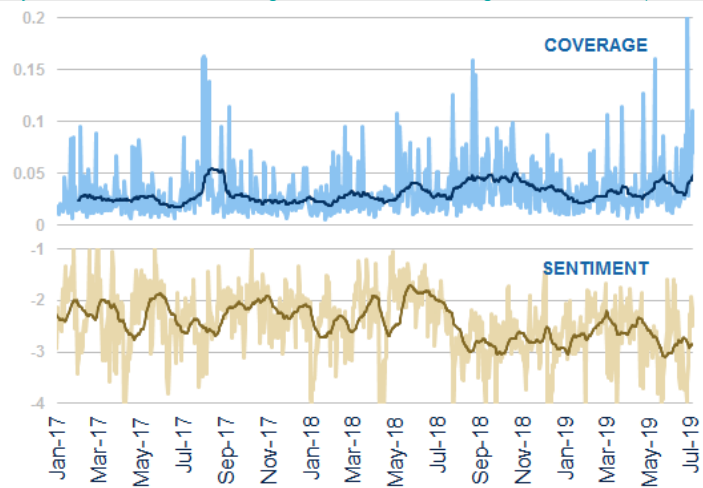
Geo-World: Conflict & Protest June

Fernando Bolívar / Tatiana Dávila / Yigit Engin / Álvaro Ortiz / Tomasa Rodrigo
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In June, the dispute between Iran and the United States faced with risky attempts including downing a U.S. drone. Trump administration evaluated military options but chose sanctioning Iranian supreme leader as a response, which saved the region from risky confrontations. European political agenda will be worth monitoring even in the next month due to busy political calendar especially in the U.K. and in Italy. U.S. and China are seeking ways to reinstate trade talks. In Asia, protests against the Government intensified in Hong Kong.

U.S. – Iran dispute escalated and took the global attention ...

Figure 1. Media coverage and sentiment of US - Iran relation (cov. is normalized by the number of news including US and Iran. Sentiment goes from -10 to 10)



Source: BBVA Research & www.gdelt.org

U.S. – Iran dispute reached a risky level.

Iran downed a US drone and U.S. responded with new sanctions.

European political agenda is still busy.

U.K. is in search of its new Prime Minister. The political discussions in Italy introduce uncertainty.

U.S. – China are seeking more optimism to start trade talks again.

U.S. is looking for progress with China to start trade talks again. Mexico's Senate approved the United State-Mexico-Canada Agreement (USMCA).

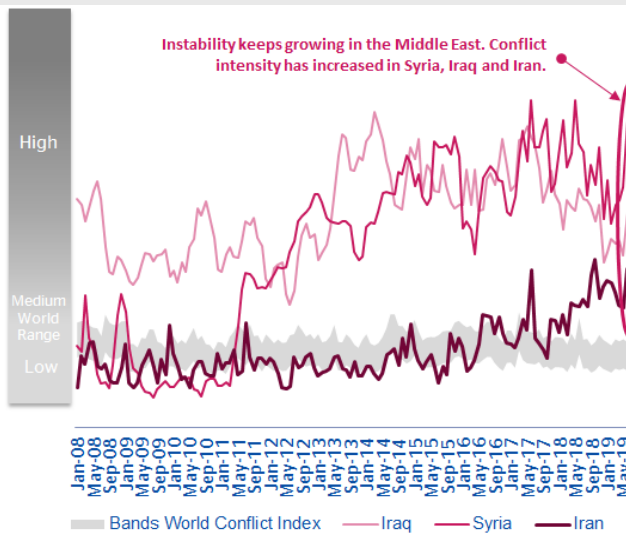
The BBVA Research World Conflict Intensity Index¹ increased during June. The main developments during the month were:

- In June, U.S. – Iran rift reached to a risky level but de-escalated again. **However, the situation in the Persian Gulf is still tense and needs to be monitored closely.** First, on June 12, a cruise missile launched by Houthi forces in Yemen, who are allegedly backed by Iran, hit Saudi Arabia's Abha International Airport, injuring 26 people. Second, two oil tankers were damaged near the Strait of Hormuz on June 13. The price of oil had rose near 4.5% in the wake of the event. Iran and/or its proxies were reported as suspects. Third, **Iran downed an unmanned drone of the U.S. army in the international airspace.** Iran, however, said the drone was flying within Iranian airspace. U.S. military prepared to strike three targets in Iran on June 20, but the attack was called off due to the level of damage that could remain uneven compared to downing an unmanned aerial vehicle. Instead, **Washington issued new sanctions against Iranian supreme leader and foreign minister.** Iran said U.S. sanctions mean the diplomatic path with Washington is closed "forever".
- **At least eleven members of the Conservative Party have announced their candidacies to replace Theresa May as the party leader and prime minister.** After the five rounds of ballot Boris Johnson and U.K. Secretary of State Jeremy Hunt will face each other. All the election process could end up in late July. **Italian Prime Minister Conte has threatened to resign** if the coalition parties do not end government infighting. The next issue of the government is a budget law to struggle its deficit. **King Felipe VI of Spain asked Pedro Sanchez to form the new government** on June 7, after 28 April elections.

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

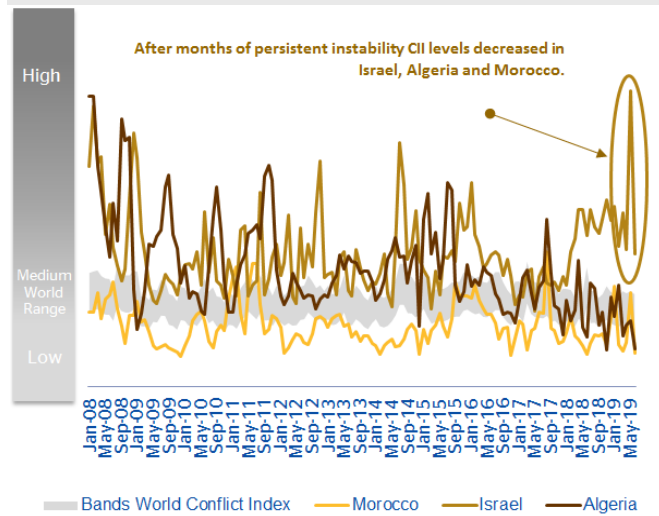
■ **G20 Summit took place in Japan on 28 and 29 June.** U.S. Treasury Secretary said that U.S.-China trade deal was “90% complete” and Washington is optimistic that progress could be reached after U.S. and Chinese leaders meeting at G20. On June 7, President Trump announced that Mexico and the United States have reached a deal over immigration issue. Thus, 5% tariffs on imports Mexico that President Trump had announced for June 10 have been delayed. **Mexico’s Senate approved the United State-Mexico-Canada Agreement (USMCA),** which would replace NAFTA. **On June 26, Venezuelan government said that they have thwarted an opposition-led coup attempt.** **The U.S. Department of Defense announced that it would send additional military aid to Ukraine.** Meanwhile, German Chancellor Merkel said that sanctions against Russia should be kept alive until the conflict in Ukraine ends. **Israeli Prime Minister Benjamin Netanyahu is reported that he is considering cancelling elections to be set for September 17.**

Figure 2. **BBVA RESEARCH Middle East Conflict Intensity Index 2008-June19** (number of conflicts / total events)



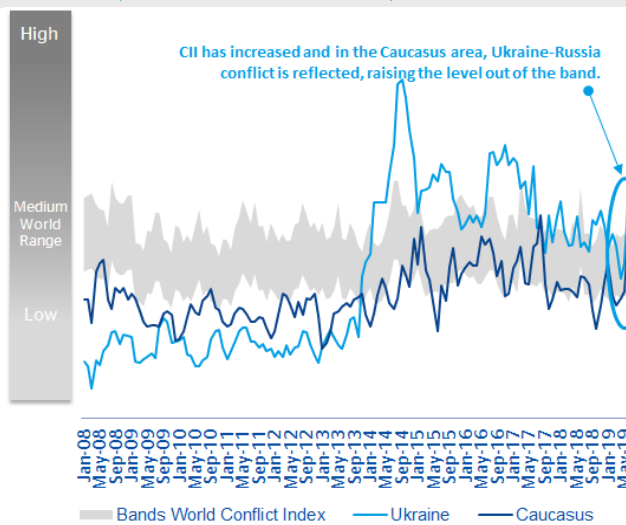
Source: www.dgelt.org & BBVA Research

Figure 3. **BBVA RESEARCH North Africa Conflict Intensity Index 2008-June 19** (number of conflicts / total events)



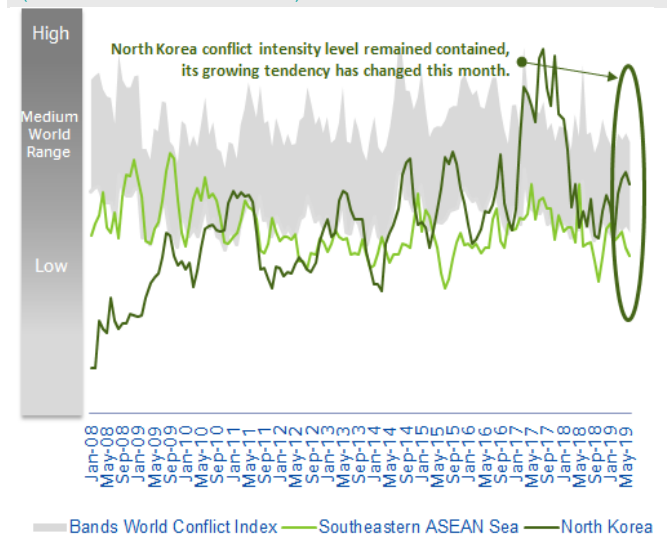
Source: www.dgelt.org & BBVA Research

Figure 4. **BBVA RESEARCH Eastern Europe Conflict Intensity Index 2008-June19** (number of conflicts / total events)



Source: www.dgelt.org & BBVA Research

Figure 5. **BBVA RESEARCH Asia Conflict Intensity Index 2008- June 19** (number of conflicts / total events)

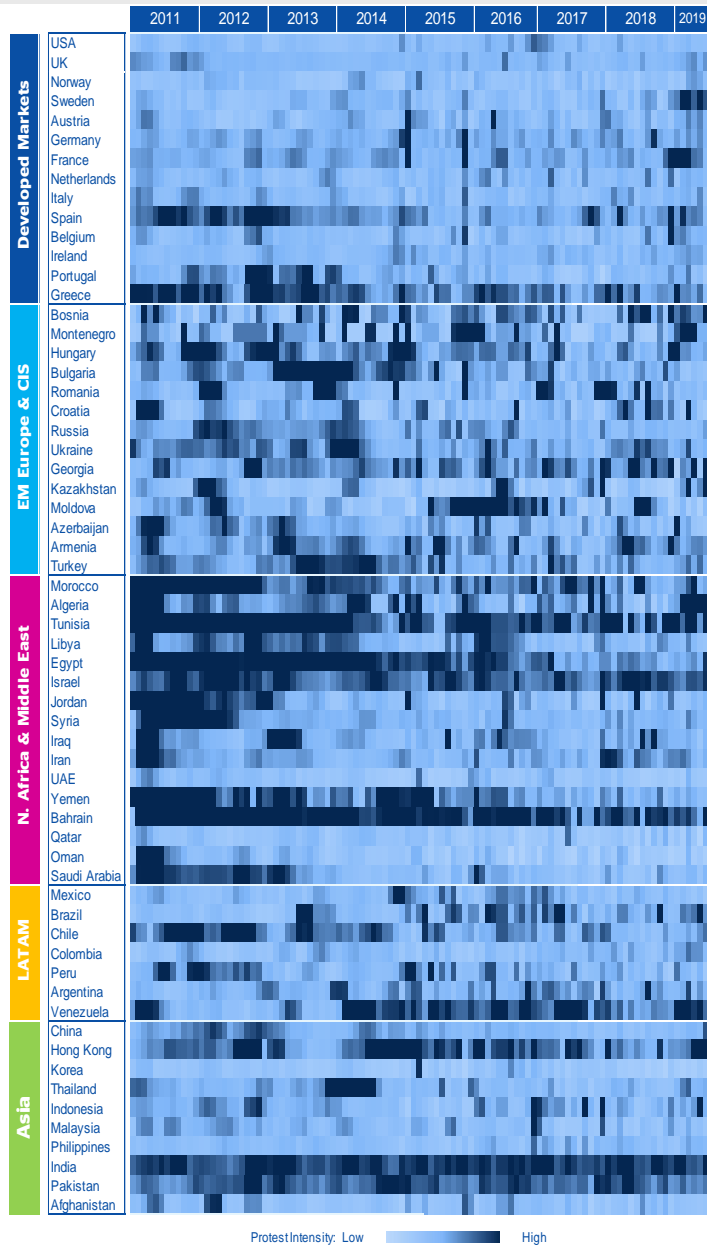


Source: www.dgelt.org & BBVA Research

Social unrest increased during the month, the same hotspots remained:

The World Protest Index increased in June (as shown by our BBVA Research World Protest Intensity Index²). According to the BBVA Research World Protest Intensity Map, the key facts were:

Figure 6. **BBVA RESEARCH world protest intensity map Jan 2011 – June 2019** (number of protests / total events)



- In regional terms, social turmoil rose in North Africa, the main global hotspot together with the Middle East. Instability remained in some Latin American and Asian countries and, to a lesser extent, in some European and Eastern European ones:
- In Europe, some demonstrations took place in UK given the first official state visit of President Trump to the country. In Sweden, FridaysForFuture and Youth Climate Movement are calling to keep protests in summer.
- In Emerging Europe, in Bosnia the recent influx of migrants has generated discomfort in the population, hundred protested calling national government to lift the burden from the border area and accommodate migrants elsewhere. In Georgia, the Russian intrusion in its internal affairs provokes the most intense protest in the last seven years.
- In North Africa and the Middle East, in Algeria, complications are emerging as protesters continue to demand a full political review. In Tunisia tensions increase in the political scenario before the elections due to an electoral amendment. Demonstrators stormed Bahrain Embassy in Baghdad highlighting persistent threat to diplomatic facilities.
- In Latin America, social unrest remained, but it eased off compared with previous month. In Venezuela, the traditional Army Day parade was suspended, prompting new doubts about Maduro's relationship with the military.
- In Asia, in Hong Kong social unrest intensified, as we warned last month. Massive and violent protests are being carrying out against the government. China has been in the spotlight by bringing together the top G20 leaders at one of the most important summits since the global financial crisis. The India-Pakistan dialogue is unlikely in the short term due to a disagreement over the shared basin; the Indus.

Source: www.dgelt.org & BBVA Research

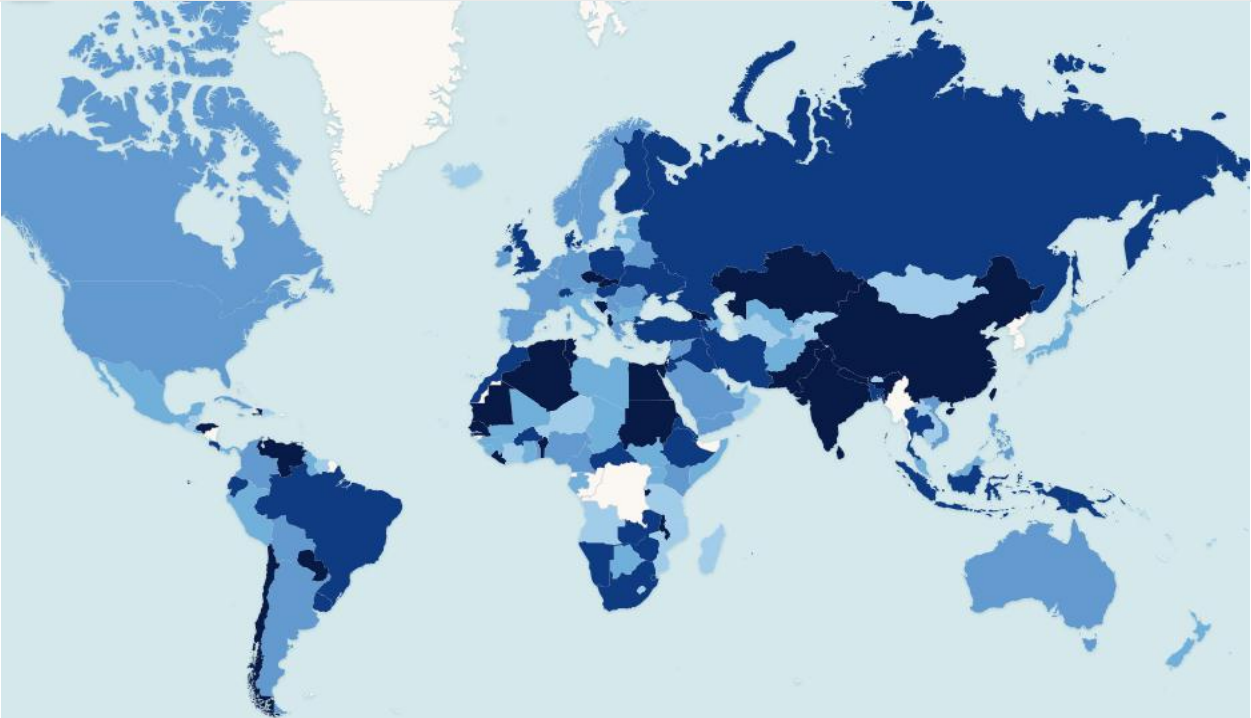
Summary

The United States and Iran tensions could be significant for the coming months as well since disputed areas are still alive. Busy European political calendar to establish new governments or to establish new agendas would be worth monitoring. U.S. is optimistic in terms of some progress with China on continuing trade talks.

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

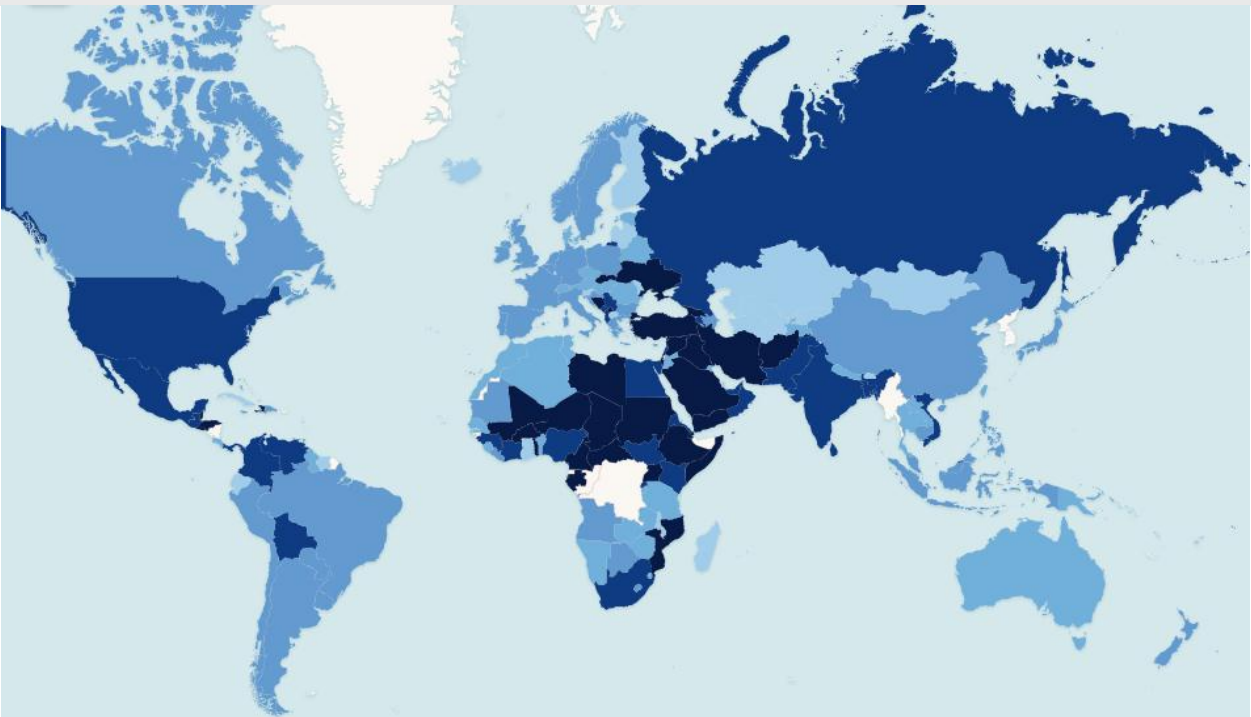
Annex

Figure 7. **BBVA RESEARCH world protest map June 2019** (number of protest events / total events by country. Darker colors indicate higher values of the index)



Source: BBVA Research and www.gdelt.org

Figure 8. **BBVA RESEARCH world conflict map June 2019** (number of conflict events/ total events by country. Darker colors indicate higher values of the index)



Source: BBVA Research and www.gdelt.org

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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
bbvaresearch@bbva.com www.bbvaresearch.com

