

New tool analyzes news media sentiment regarding shipping industry

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A study in the *International Journal of Shipping and Transport Logistics* has introduced a new Shipping Industry Risk Sentiment Index (SRSI). This tool has been designed to analyze sentiment in the news media concerning South Korea's shipping industry. The SRSI utilizes an innovative method involving text analysis of news articles from Korean newspapers, focusing on terms related to the six C's of credit—character, capacity, capital, company, conditions, and collateral.

Sunghwa Park of Gyeongsang National University in Gyeongsangnam-do, Hyunsok Kim of Pusan National University in Busan, Janghan Kwon and Taeil Kim of the Korea Maritime Institute in Busan, South Korea, explain how the index can reveal spikes in financial risk [sentiment](#). The team employed statistical models such as the autoregressive distributed lag (ARDL) model and impulse response functions. They found that increased [news](#) reporting associated with global financial crises and court receiverships of major Korean shipping companies are associated with these spikes.

The research highlights the predictive capabilities of the SRSI. It not only reflects risk sentiment within the [shipping industry](#) but also provides valuable insights into market situations. The SRSI's forecasting capabilities can be used to analyze the impact of risk sentiment on maritime transport freight income. The results indicate that the SRSI serves as a statistically significant predictor variable for freight income, demonstrating its usefulness in detecting credit risk in advance. These findings align with a broader trend emphasizing the positive impact of shipping sentiment indices on freight rates.

The research is underpinned by the powerful concept of big data analysis which allowed the team to measure credit risk in the shipping industry. The proposed SRSI could become an invaluable tool for government

authorities, assisting in the management and supervision of risk within the shipping market and helping with decision-making. The same approach might be extended to the wider global shipping industry. This could be especially important given the interconnected nature of the shipping industry. There is thus potential for creating a Global Shipping Market News Index.

More information: Sunghwa Park et al, Construction of Korean Shipping Industry Risk Sentiment Index using news articles, *International Journal of Shipping and Transport Logistics* (2024). [DOI: 10.1504/IJSTL.2023.136047](https://doi.org/10.1504/IJSTL.2023.136047)

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