



BUILD ELECTRONICS BETTER



Wiring Harness Manufacturer's Association

The Current Sentiment of the Wire Harness and Cable Assembly Industry

Monitoring the Pulse of the Global Electronics Industry

April 2022

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Executive Summary



> The Wire Harness and Cable Assembly Industry is Feeling the Impact of the ~~Russia~~ Ukraine War.

- The Material Costs Index rose to 148 during the month of April, matching its highest level. Wire harness manufacturers are nearly uniformly in agreement that material costs are up. While the vast majority expect prices to rise further over the next 6 months, the Material Costs Outlook Index did decline slightly over the last month.
- Four-fifths of manufacturers expect the war to have a negative impact on transportation costs, while three-fourths expect it to negatively impact commodity prices and three-fifths anticipate a negative impact on the stock of raw materials
- Notably, most wire harness and cable assembly manufacturers are anticipating no change to demand for the things their company produces as a result of the Russia-Ukraine conflict when compared to the rest of the electronics manufacturing supply chain, who are instead more likely anticipating a negative impact to their business.
- Manufacturers expect the automotive, consumer, and industrial electronics markets to be most negatively impacted by conflict, while anticipating the defense market to be positively impacted

> Overall Demand Remains Strong:

- The New Orders Index declined in the last month but remains well in expansionary territory. The outlook has weakened, but the majority of respondents expect demand to remain strong in the months ahead.

> Inventories Remain Tight:

- Inventories available to customers (IAC Index) slipped into contractionary territory this month, suggesting inventory levels remain low.
- Inventories available to you from your suppliers (IAFS Index) improved marginally but remains in contractionary territory suggesting the majority of respondents are experiencing this.

Current Supply Chain Conditions for Wire Harness and Cable Assembly Manufacturers Remain Challenging

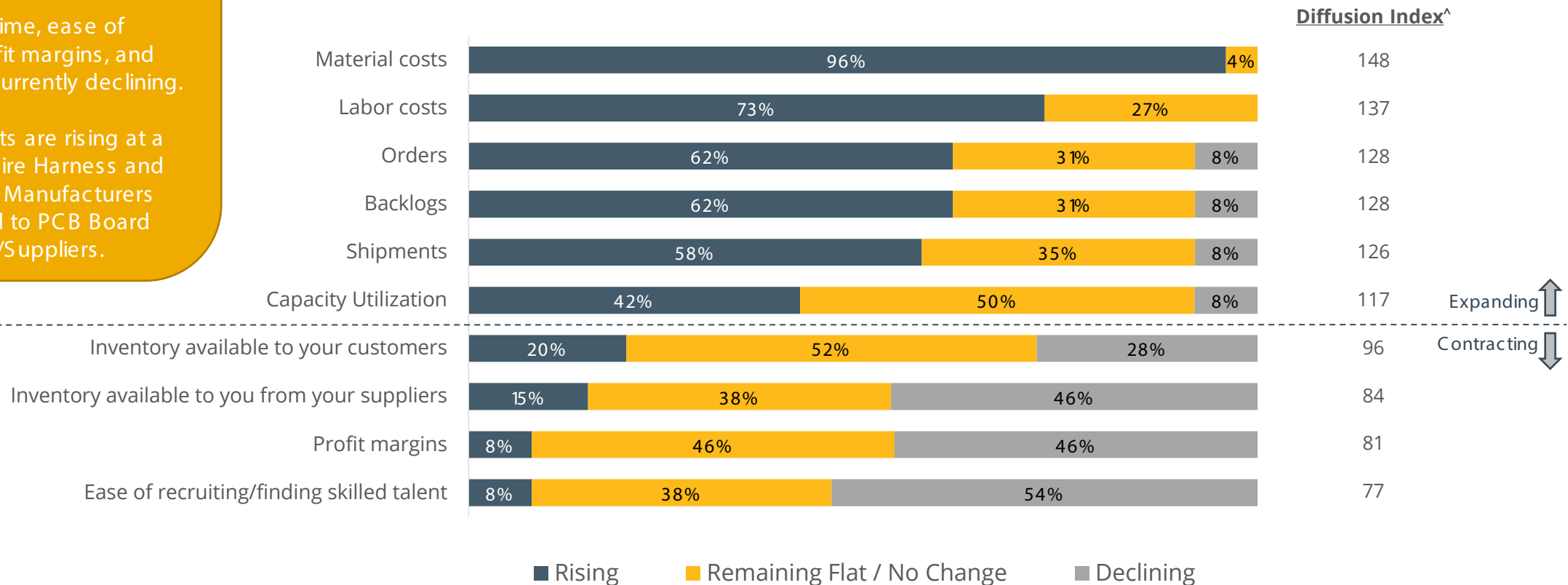


Nearly all (96%) Wire Harness and Cable Assembly Manufacturers are currently experiencing rising material costs, with approximately three-fourths reporting rising labor costs.

At the same time, ease of recruitment, profit margins, and inventories are all currently declining.

Notably, shipments are rising at a faster pace for Wire Harness and Cable Assembly Manufacturers when compared to PCB Board Fabricators/Suppliers.

Current Direction of Key Business Indicators



[^]A diffusion index is a statistical measure used to detect economic turning points.

The Outlook for the Next 6 Months Indicates Continued Challenging Conditions

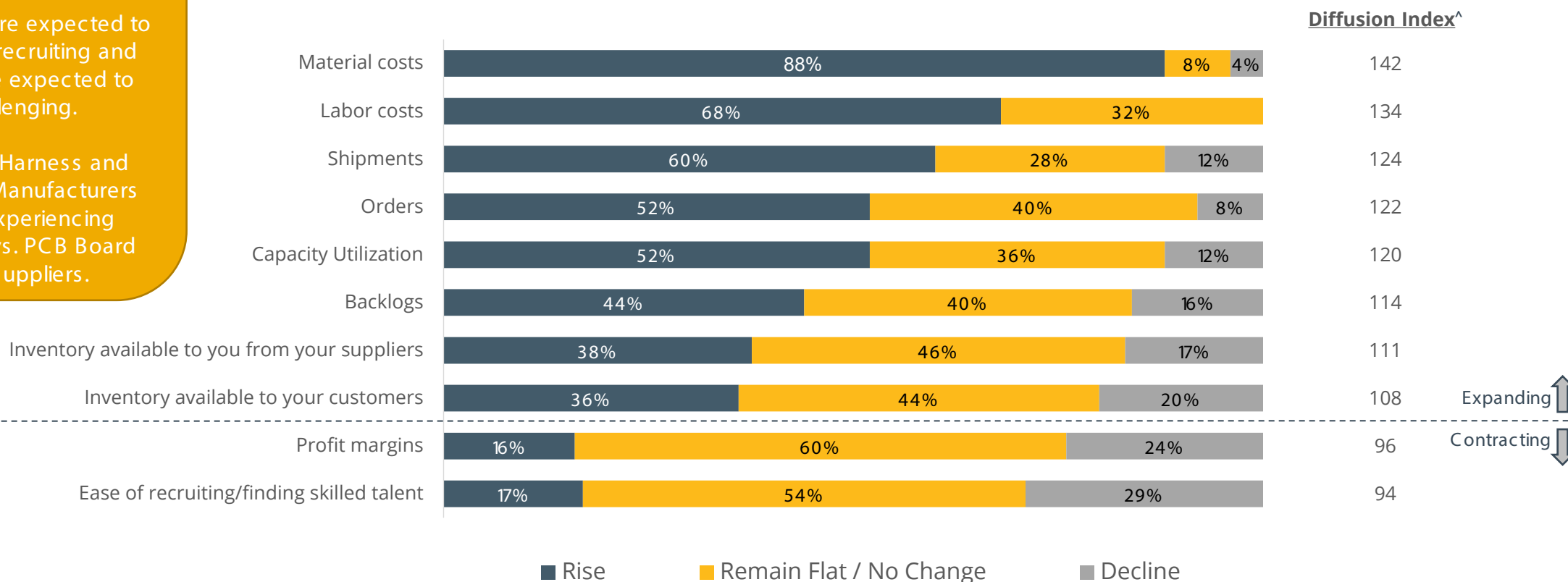


Over the next six months, Wire Harness and Cable Assembly Manufacturers expect material and labor costs to continue rising.

While inventories are expected to improve, ease of recruiting and profit margins are expected to remain challenging.

Of interest, Wire Harness and Cable Assembly Manufacturers are less likely experiencing declining orders vs. PCB Board Fabricators/Suppliers.

Anticipated Direction of Key Business Indicators Next Six Months



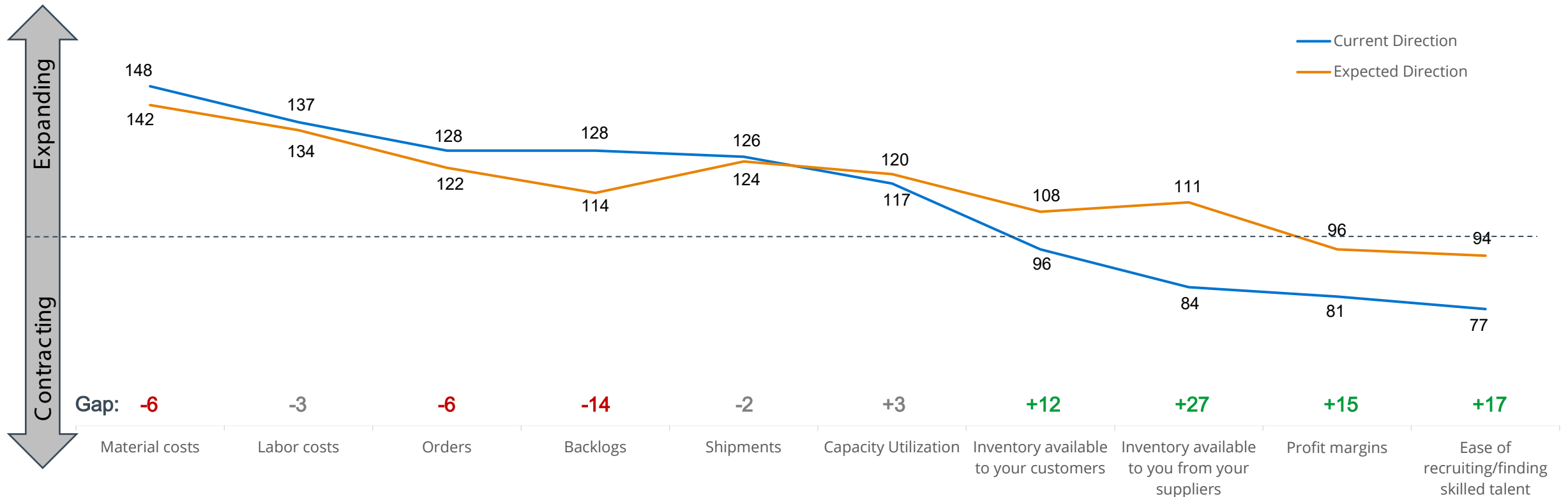
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Labor Costs, Shipments, and Capacity Utilization Expected to Remain Relatively Stable



While Wire Harness and Cable Assembly Manufacturers anticipate declines in material costs, orders, and backlogs, ease of recruitment, profit margins, and inventories are expected to improve over the next six months.

Direction of Key Business Indicators Diffusion Index



[^]A diffusion index is a statistical measure used to detect economic turning points.

Current Conditions Diffusion Indices

Month-to-Month Comparisons



	October 2021	November 2021	December 2021	January 2022	February 2022	March 2022	April 2022
Material costs	144	142	145	148	140	145	148
Labor costs	137	137	139	146	129	141	137
Backlogs	130	131	127	130	132	127	128
Orders	124	130	139	128	124	135	128
Sales*	121	132	137	--	--	--	--
Shipments^	--	--	--	117	110	126	126
Capacity utilization	108	113	114	122	110	114	117
Profit margins	96	90	97	82	88	89	81
Inventory available to your customers	88	83	81	80	81	103	96
Inventory available to you from your suppliers	75	73	74	74	75	75	84
Ease of recruiting/finding skilled talent	71	74	64	72	81	84	77

Δ+5 points or more vs. previous month

-5 points or more vs. previous month

*Removed January 2022

^Added January 2022

Outlook Diffusion Indices

Month-to-Month Comparisons



	October 2021	November 2021	December 2021	January 2022	February 2022	March 2022	April 2022
Material costs	138	137	131	142	140	146	142
Labor costs	134	131	134	144	133	138	134
Sales*	128	134	139	--	--	--	--
Shipments [^]	--	--	--	120	118	130	124
Orders	124	137	136	132	122	134	122
Capacity utilization	121	120	123	122	115	124	120
Backlogs	112	121	114	128	126	116	114
Profit margins	110	104	106	98	100	105	96
Inventory available to your customers	105	96	102	92	102	112	108
Ease of recruiting/finding skilled talent	98	91	93	82	97	91	94
Inventory available to you from your suppliers	96	89	97	86	90	95	111

Δ+5 points or more vs. previous month

-5 points or more vs. previous month

*Removed January 2022

[^]Added January 2022

April 2022 Special Questions

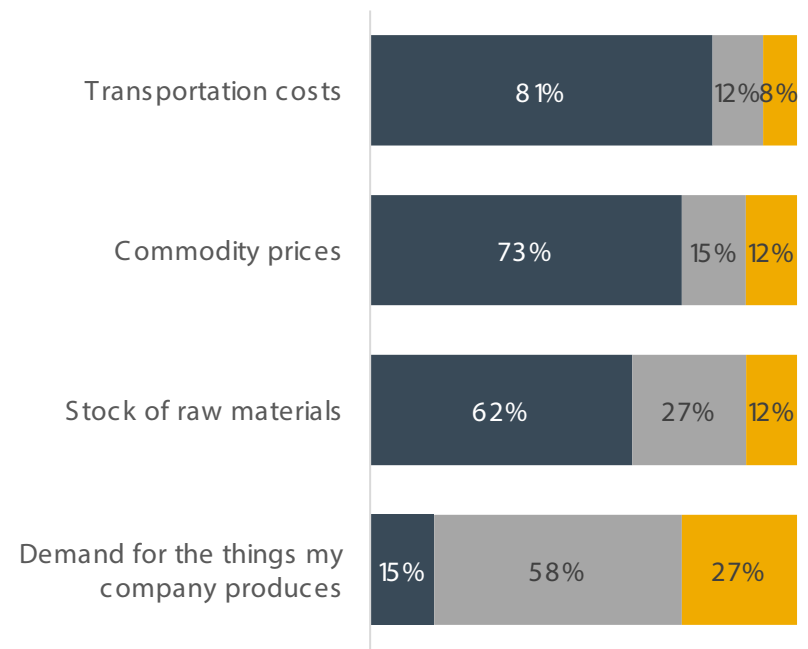
Two-Fifths Anticipate the Russia-Ukraine Conflict will Have a Negative Impact on Transportation Costs, With the Automotive, Consumer, and Industrial Down-Stream Electronics Markets Expected to be Most Negatively Impacted



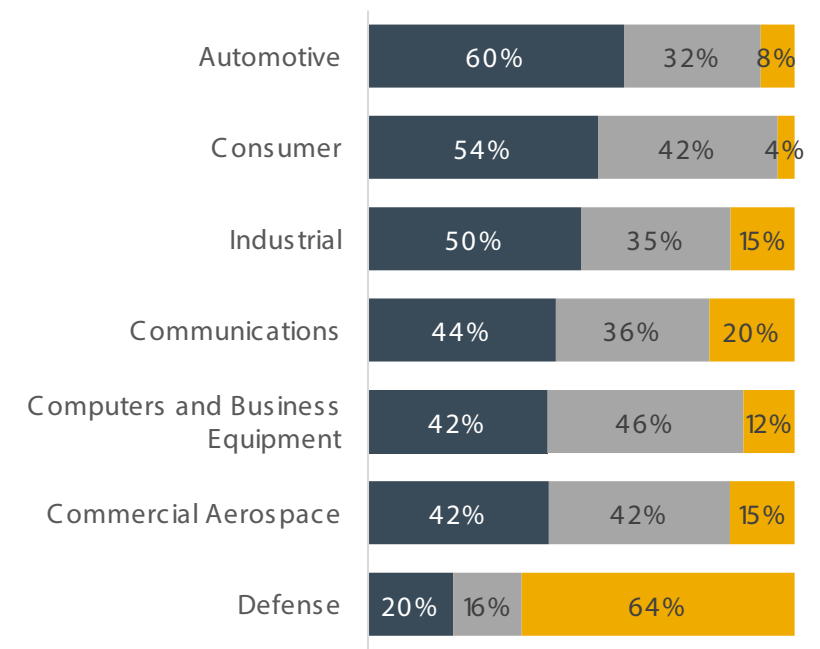
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Anticipated Impact of the Russia-Ukraine Conflict

Impact on Electronics Supply Chains



Impact on DownStream Electronics Markets



Somewhat/Very Negative Impact
 No Impact
 Somewhat/Very Positive Impact

- > Each month, IPC surveys executives in the electronics manufacturing sector across the globe with the goal of assessing the current state of the industry.
- > The results contained herein are based upon the findings of IPC's The Current State of Electronics Manufacturing Survey, which was fielded between the dates of March 7 to March 24, 2022.



Questions? Please contact:

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