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# The Current Sentiment of the Wire Harness and Cable Assembly Industry

*Monitoring the Pulse of the Global Electronics Industry*

August 2023

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# Executive Summary



## > Demand improved in the last month

- The Shipments Index and the Orders Index both moved back into expansionary territory in the last month.
- The Capacity Utilization Index also moved higher. all dropped to a neutral reading.

## > Cost pressures continue

- Wire harness and cable assembly manufacturers continue to cite high material and labor costs.
- The Labor Costs Index rose 2 points to the highest point since March 2023.
- The Material Costs Index fell 3 points but remains deep in expansionary territory.

## > Supply chain dynamics improving

- The Inventory Available from Suppliers (IAS) Index rose 11 points this month and the Inventory Available to Customers (IAC) Index rose 18 points. The IAC moved into expansionary territory after a one month decline in the prior month.

# Current Supply Chain Conditions for Wire Harness and Cable Assembly Manufacturers

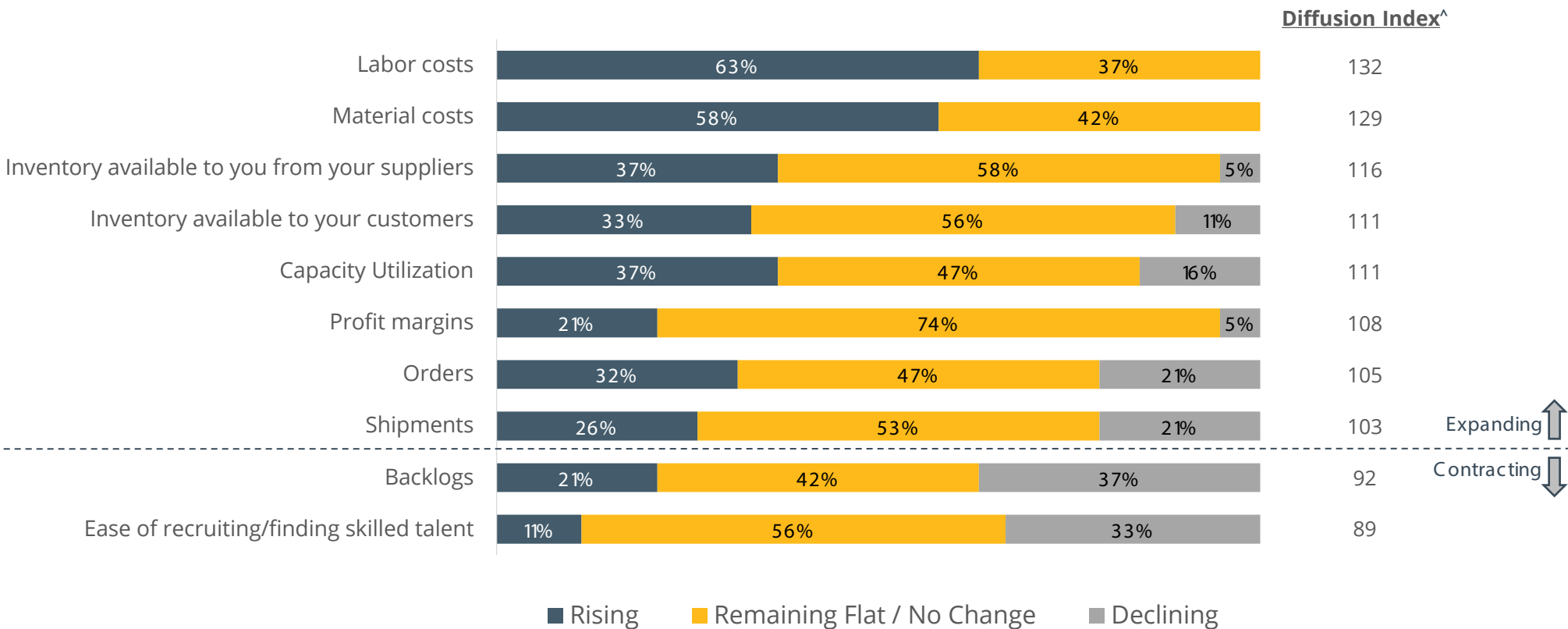


Notably, there are no significant differences in current conditions between Wire Harness and Cable Assembly Manufacturers and all other industry segments.

## Current Direction of Key Business Indicators

Roughly three-fifths of Wire Harness and Cable Assembly Manufacturers are currently experiencing rising labor (63%) and material (58%) costs.

At the same time, ease of recruitment and backlogs are presently declining.



<sup>^</sup>A diffusion index is a statistical measure used to detect economic turning points.

# The Outlook for the Next 6 Months

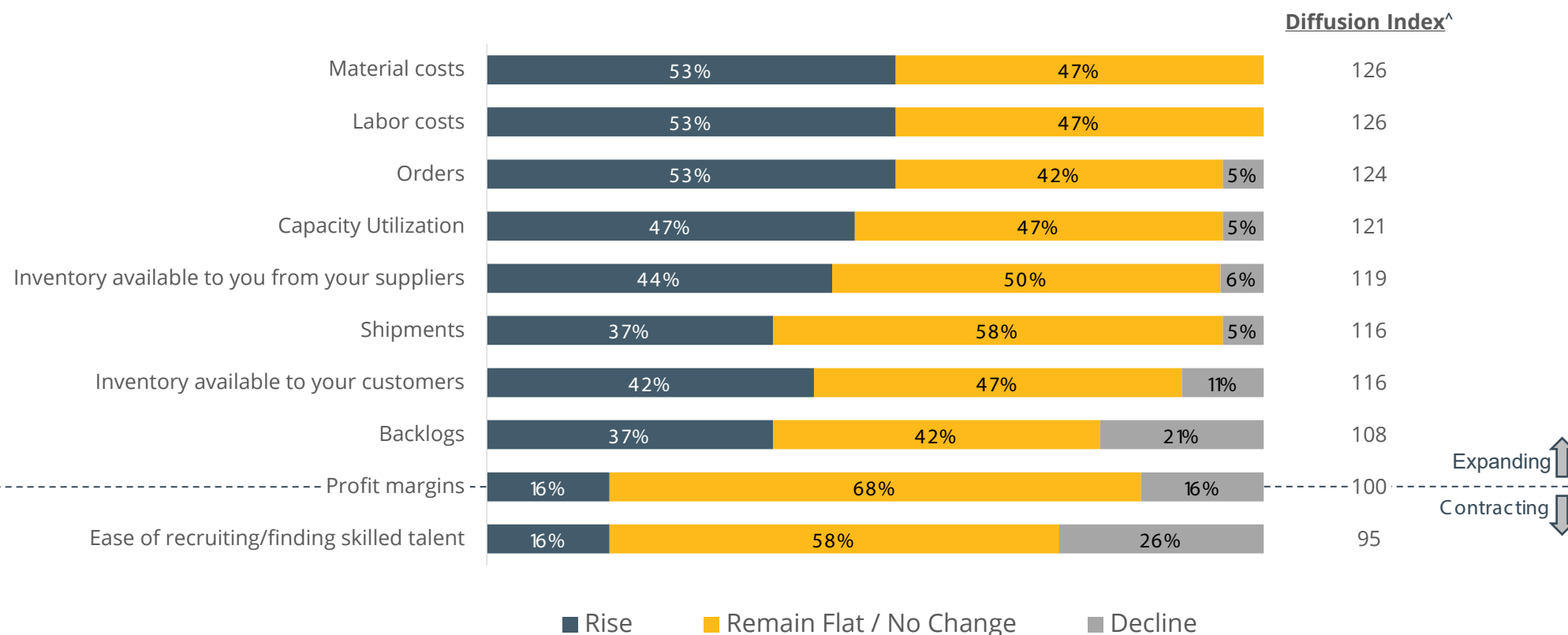


When it comes to the outlook, there are again no significant differences between Wire Harness and Cable Assembly Manufacturers and all other industry segments.

## Anticipated Direction of Key Business Indicators Next Six Months

Over the next six months, Wire Harness and Cable Assembly Manufacturers expect to see continued increase in both material and labor costs, although to a lesser extent than current conditions.

At the same time, ease of recruitment is expected to remain challenging.



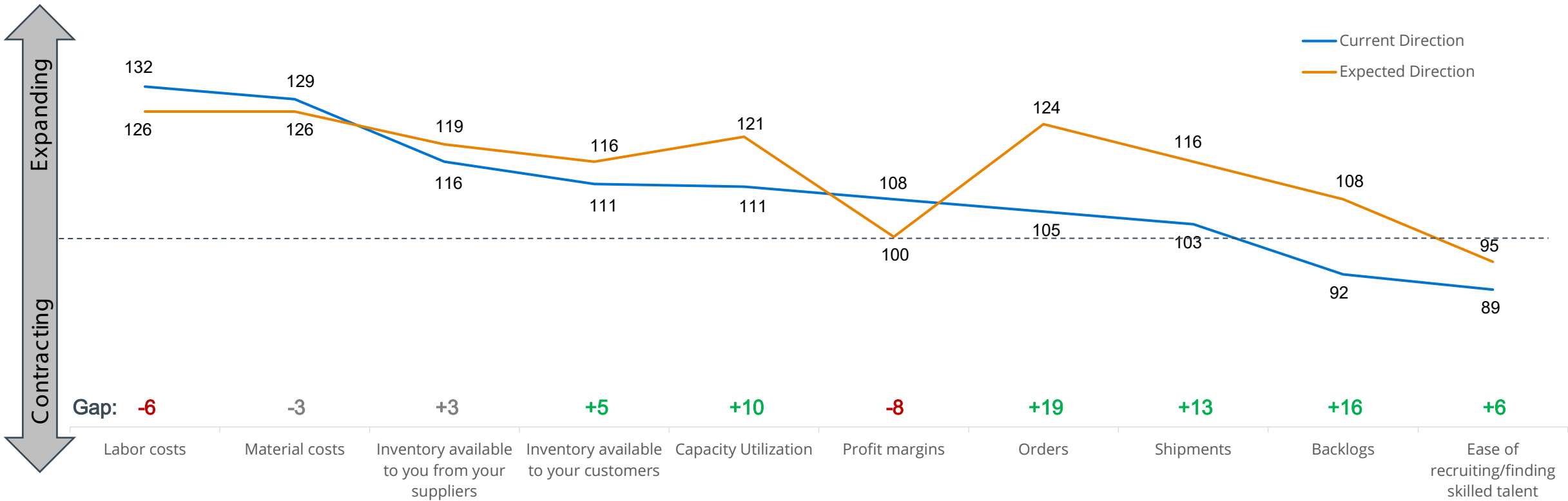
<sup>^</sup>A diffusion index is a statistical measure used to detect economic turning points.

# Orders, Backlogs, Shipments, Capacity Utilization, Ease of Recruitment, and Customer Inventories are Expected to Rise Over the Next Six Months, While Profit Margins and Labor Costs are Expected to Decline



At the same time, material costs and supplier inventory are expected to remain stable.

Direction of Key Business Indicators Diffusion Index



<sup>^</sup>A diffusion index is a statistical measure used to detect economic turning points.

# Appendix

# Current Conditions Diffusion Indices

*Past 12 Month Comparisons*



	August 2022	September 2022	October 2022	November 2022	December 2022	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023	July 2023	August 2023
Shipments	117	119	116	111	128	114	117	111	108	103	108	98	103
Orders	113	121	120	113	113	113	106	108	105	83	111	93	105
Profit margins	92	92	100	103	97	102	96	94	97	106	106	89	108
Backlogs	127	119	115	108	113	96	98	105	83	97	89	100	92
Ease of recruiting/finding skilled talent	92	82	82	90	88	85	79	90	95	97	92	89	89
Material costs	148	147	143	148	140	139	138	140	134	125	131	132	129
Labor costs	137	145	143	134	135	133	135	139	129	122	125	130	132
Capacity utilization	117	110	110	113	118	111	102	108	103	106	111	100	111
Inventory available to you from your suppliers	104	97	107	92	113	113	108	116	111	111	100	105	116
Inventory available to your customers	109	107	112	105	108	107	113	115	121	103	117	93	111

Δ+5 points or more vs. previous month

-5 points or more vs. previous month

# Outlook Diffusion Indices

*Past 12 Month Comparisons*



	August 2022	September 2022	October 2022	November 2022	December 2022	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023	July 2023	August 2023
Shipments	123	128	125	116	115	124	119	116	111	125	109	111	116
Orders	107	122	123	111	124	117	120	113	111	106	106	110	124
Profit margins	111	99	108	106	108	102	110	98	100	114	100	98	100
Backlogs	109	103	101	105	105	109	106	102	95	106	92	102	108
Ease of recruiting/finding skilled talent	94	97	94	108	95	105	100	98	95	97	100	91	95
Material costs	134	133	137	137	135	124	119	129	124	121	125	125	126
Labor costs	137	136	137	132	130	133	131	128	134	121	125	125	126
Capacity utilization	118	121	115	116	123	126	115	113	113	106	114	109	121
Inventory available to you from your suppliers	109	111	113	116	110	113	121	116	116	117	108	114	119
Inventory available to your customers	119	119	126	108	113	124	131	113	113	112	114	114	116

Δ+5 points or more vs. previous month

-5 points or more vs. previous month



- > 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 July 14 and July 31, 2023.



Questions? Please contact:

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