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

*Monitoring the Pulse of the Global Electronics Industry*

November 2023

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# Executive Summary



## > Demand sentiment improved this month

- The New Order Index rose 4 points again this month, moving from a neutral level into expansion territory.
- The Shipment Index rose 9 points and moved from negative territory to expansionary territory.
- The Backlog Index jumped out of contractionary territory for the first time in four months.
- The Capacity Utilization Index rose 11 points to 111.

## > The cost situation worsened this month

- The Material Costs Index rose 4 points to 118 after declining last month. The Labor Costs Index shot up 15 points to 129.

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

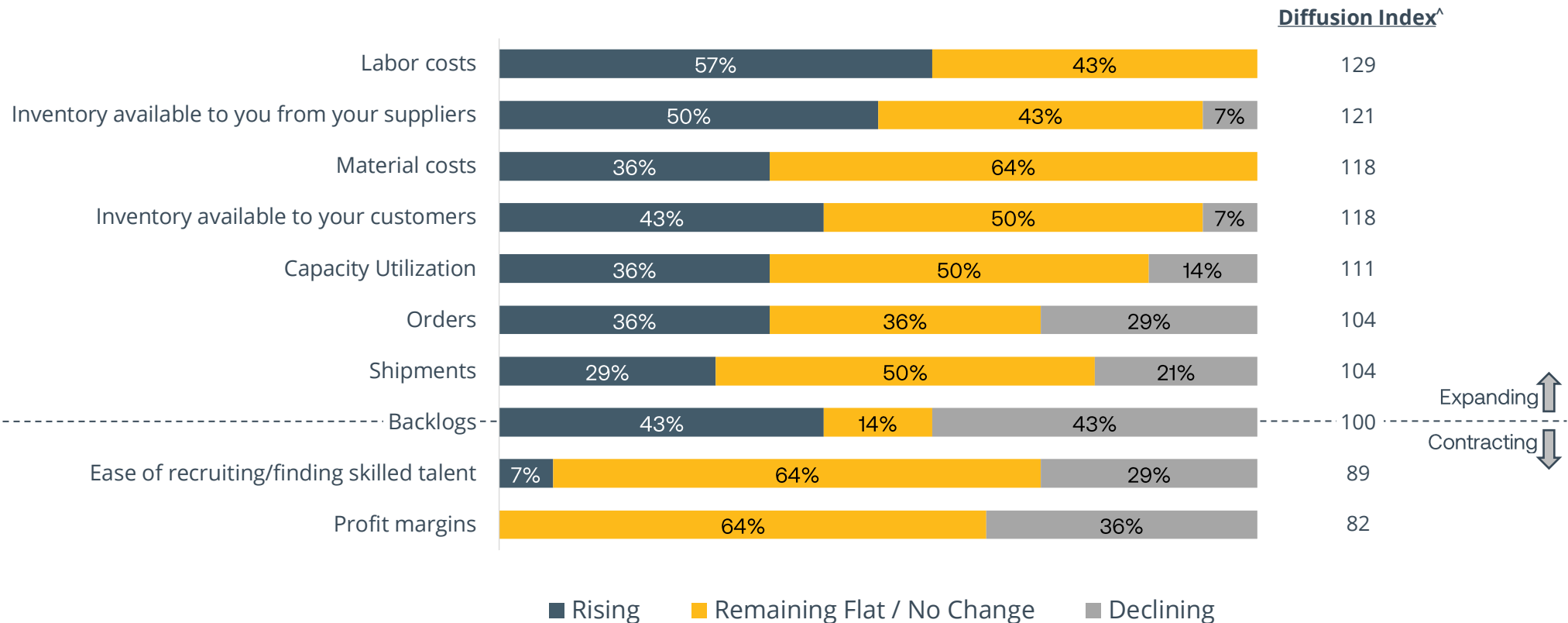


Notably, there are no significant differences in current conditions between Wire Harness and Cable Assembly Manufacturers and all other industry segments.

## Current Direction of Key Business Indicators

Nearly three-fifths (57%) of Wire Harness and Cable Assembly Manufacturers are currently experiencing rising labor costs, with half (50%) reporting rising supplier inventories.

Concurrently, profit margins and ease of recruitment are presently declining.



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

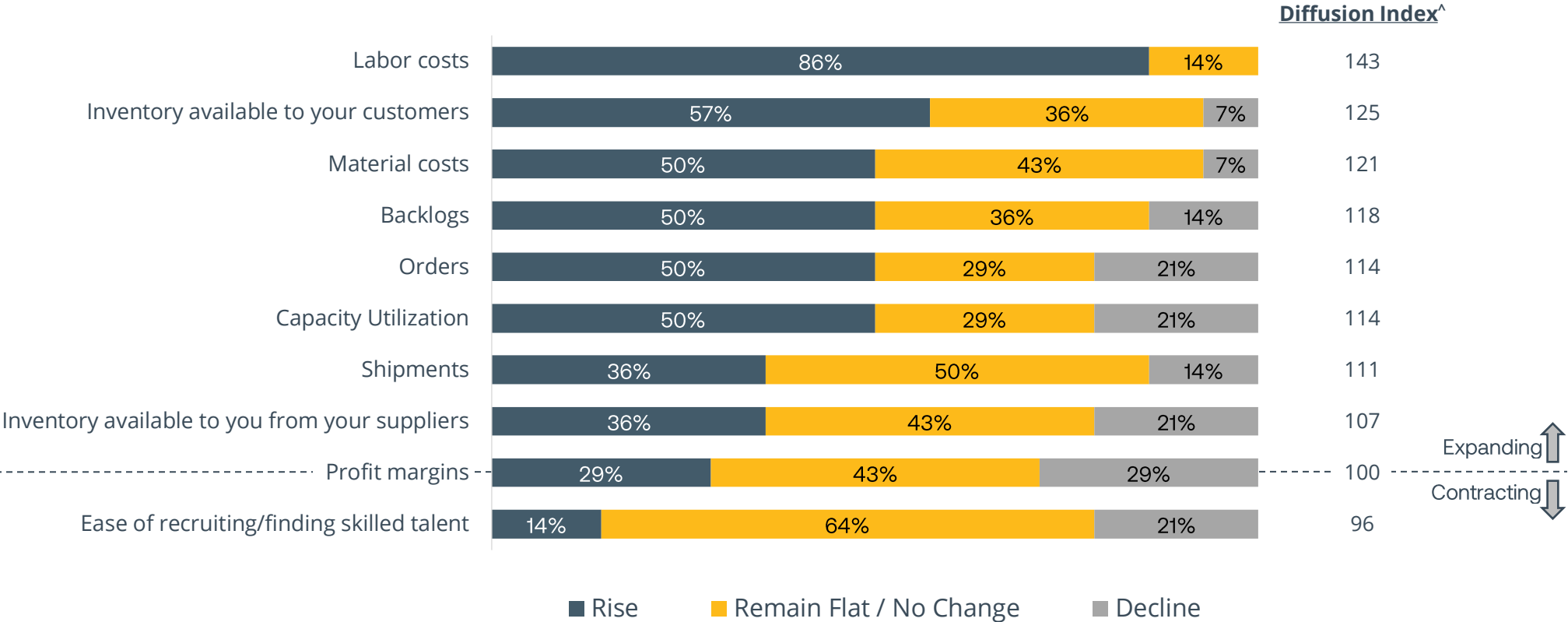
# The Outlook for the Next 6 Months



## Anticipated Direction of Key Business Indicators – Next Six Months

Wire Harness and Cable Assembly Manufacturers expect to see continued increase in labor costs over the next six months, while also anticipating a notable increase in customer inventory.

At the same time, Wire Harness and Cable Assembly Manufacturers expect profit margins to improve, while ease of recruitment is likely to remain challenging.



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

# Differences in the Outlook by Industry Segment

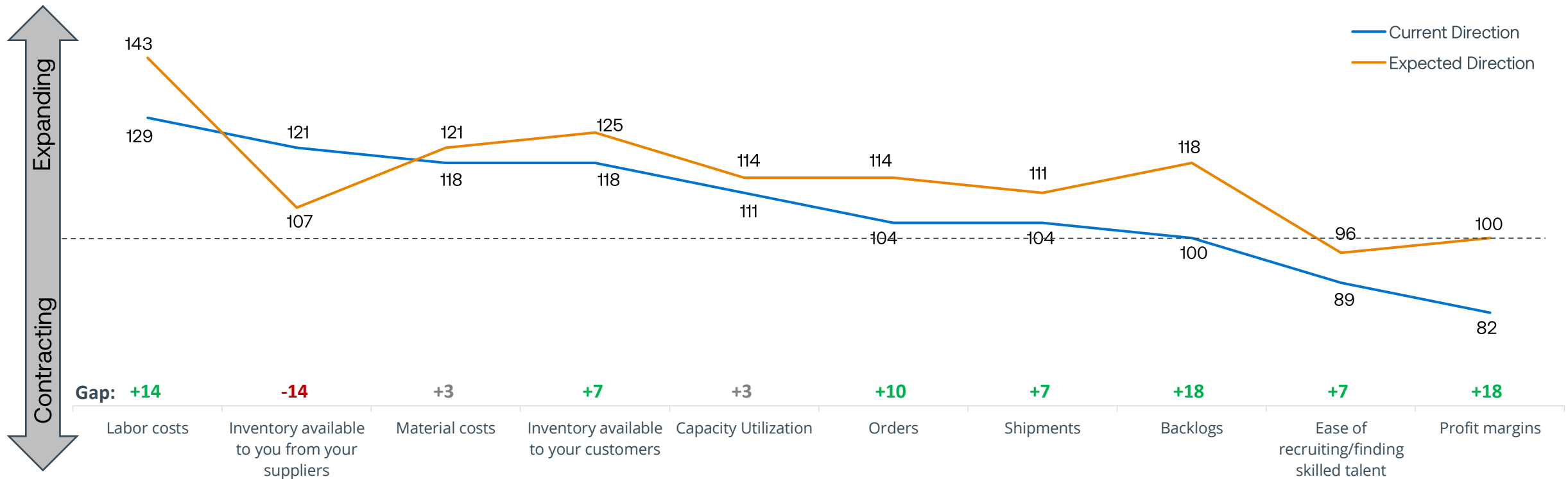
- **Over the next six months, Wire Harness and Cable Assembly Manufacturers and Original Equipment Manufacturers expect customer inventory to rise more so than do Materials Suppliers.**
  - Nearly three-fifths (57%) of Wire Harness and Cable Assembly Manufacturers, along with approximately half (48%) of Original Equipment Manufacturers, anticipate rising customer inventory, which compares to 0% among Materials Suppliers, who instead are more likely expecting customer inventory to hold steady over the next six months (100% vs. 36% among Wire Harness and Cable Assembly Manufacturers and 37% among Original Equipment Manufacturers).

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



At the same time, material costs and capacity utilization are expected to remain relatively stable.

## Direction of Key Business Indicators – Diffusion Index<sup>^</sup>



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

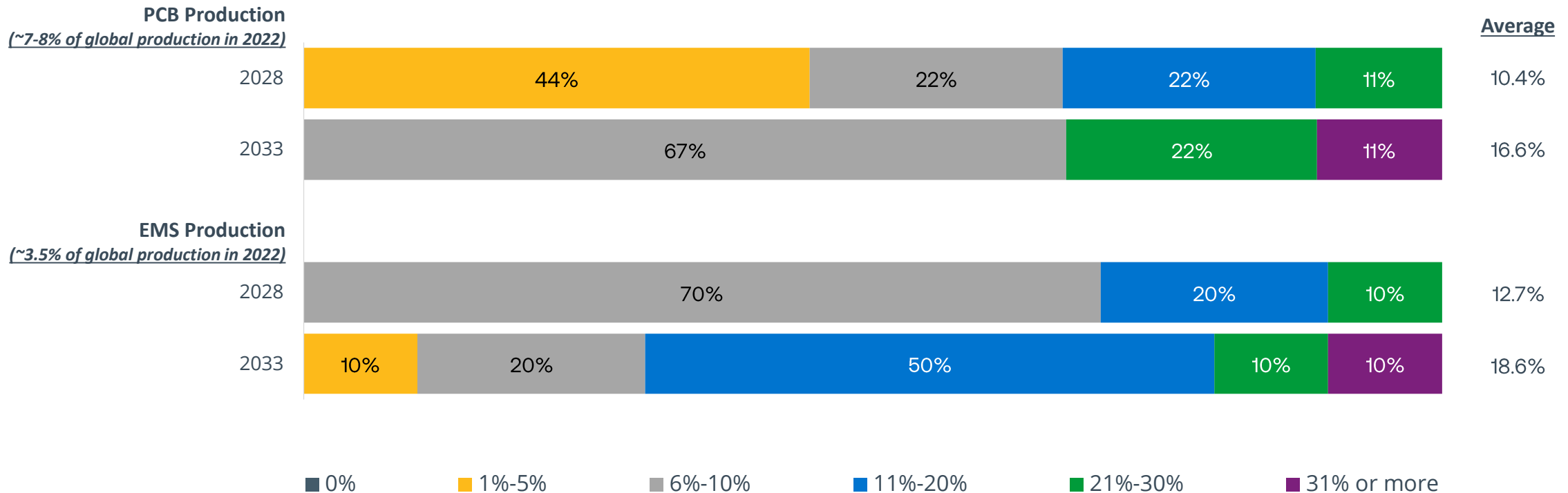
# November 2023 Special Questions

# In Terms of Revenue Growth, U.S. Wire Harness and Cable Assembly Manufacturers Indicate That Goals for EMS Production Should be, on Average, 10% by 2028 and 17% by 2033, with 13% by 2028 and 19% by 2033 for EMS Production



Notably, there are no significant differences in five- and ten-year goals for U.S. domestic PCB and EMS industries' revenue growth between Wire Harness and Cable Assembly Manufacturers and all other industry segments.

## Five- and Ten-Year Goals for U.S. Domestic PCB and EMS Industries' Revenue Growth



Q. If the U.S. were to adopt goals for its domestic PCB and EMS industries, what do you believe the goals should be for each of the following years?  
 A. EMS production in terms of revenue grows from roughly 7-8% of global production in 2022 to what percent by 2028 and 2033?  
 B. PCB production in terms of revenue grows from roughly 3.5% of global production in 2022 to what percent by 2028 and 2033?



# Appendix

# Current Conditions Diffusion Indices

## Past 12 Month Comparisons



	November 2022	December 2022	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023	July 2023	August 2023	September 2023	October 2023	November 2023
Shipments	111	128	114	117	111	108	103	108	98	103	92	95	104
Orders	113	113	113	106	108	105	83	111	93	105	96	100	104
Profit margins	103	97	102	96	94	97	106	106	89	108	96	100	82
Backlogs	108	113	96	98	105	83	97	89	100	92	83	77	100
Ease of recruiting/finding skilled talent	90	88	85	79	90	95	97	92	89	89	96	110	89
Material costs	148	140	139	138	140	134	125	131	132	129	129	114	118
Labor costs	134	135	133	135	139	129	122	125	130	132	121	114	129
Capacity utilization	113	118	111	102	108	103	106	111	100	111	108	100	111
Inventory available to you from your suppliers	92	113	113	108	116	111	111	100	105	116	112	114	121
Inventory available to your customers	105	108	107	113	115	121	103	117	93	111	113	115	118

Δ+5 points or more vs. previous month

Δ-5 points or more vs. previous month

# Outlook Diffusion Indices

## Past 12 Month Comparisons



	November 2022	December 2022	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023	July 2023	August 2023	September 2023	October 2023	November 2023
Shipments	116	115	124	119	116	111	125	109	111	116	114	118	111
Orders	111	124	117	120	113	111	106	106	110	124	123	114	114
Profit margins	106	108	102	110	98	100	114	100	98	100	100	95	100
Backlogs	105	105	109	106	102	95	106	92	102	108	109	86	118
Ease of recruiting/finding skilled talent	108	95	105	100	98	95	97	100	91	95	91	100	96
Material costs	137	135	124	119	129	124	121	125	125	126	127	114	121
Labor costs	132	130	133	131	128	134	121	125	125	126	132	114	143
Capacity utilization	116	123	126	115	113	113	106	114	109	121	118	114	114
Inventory available to you from your suppliers	116	110	113	121	116	116	117	108	114	119	114	114	107
Inventory available to your customers	108	113	124	131	113	113	112	114	114	116	127	114	125

Δ+5 points or more vs. previous month

Δ-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 October 16 and October 31, 2023.



Questions? Please contact:

Shawn DuBravac,  
IPC Chief Economist

[ShawnDuBravac@ipc.org](mailto:ShawnDuBravac@ipc.org)