



BUILD ELECTRONICS BETTER

The Current Sentiment of the Wire Harness and Cable Assembly Industry

Monitoring the Pulse of the Global Electronics Industry

December 2023

ipc.org →

Executive Summary



- > Industry sentiment slipped in the final month of 2023, after a strong rise in the November report.
- > Demand sentiment slipped in December across the board, closing the year on a sour note.
 - The New Order Index fell a sharp 21 points, dropping into contractionary territory.
 - The Shipment Index fell 7 points to 97, also dropping into contractionary territory.
 - The Backlog Index fell 13 points, also dropping into contractionary territory.
 - The Capacity Utilization Index fell 4 points but remained in expansionary territory.
- > Costs continue to improve but the picture was mixed in December.
 - The Material Costs Index rose 5 points to 123, the highest level since September 2023.
 - The Labor Costs Index fell 6 points to 123.
- > In December 2023, IPC asked industry executives what they believed would happen to PCB demand for domestically produced PCBs if prices were to decline by 25%.
 - On average respondents predicted demand would rise by 20% on average .

Current Supply Chain Conditions for Wire Harness and Cable Assembly Manufacturers

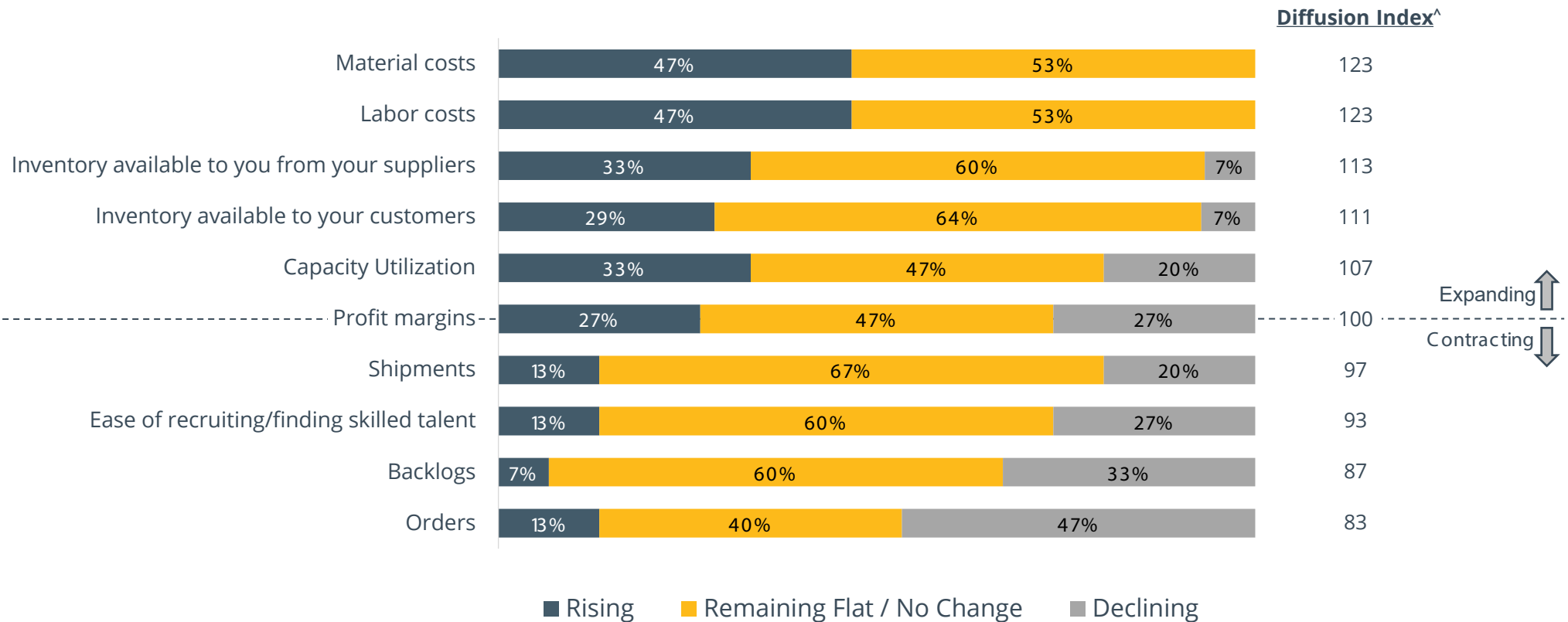


There are no significant differences in current conditions between Wire Harness and Cable Assembly Manufacturers and all other industry segments.

Current Direction of Key Business Indicators

Nearly half of Wire Harness and Cable Assembly Manufacturers are currently experiencing rising material costs (47%) and rising labor costs (47%)

Concurrently, orders, backlogs, ease of recruitment, and shipments are presently declining.



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

The Outlook for the Next 6 Months

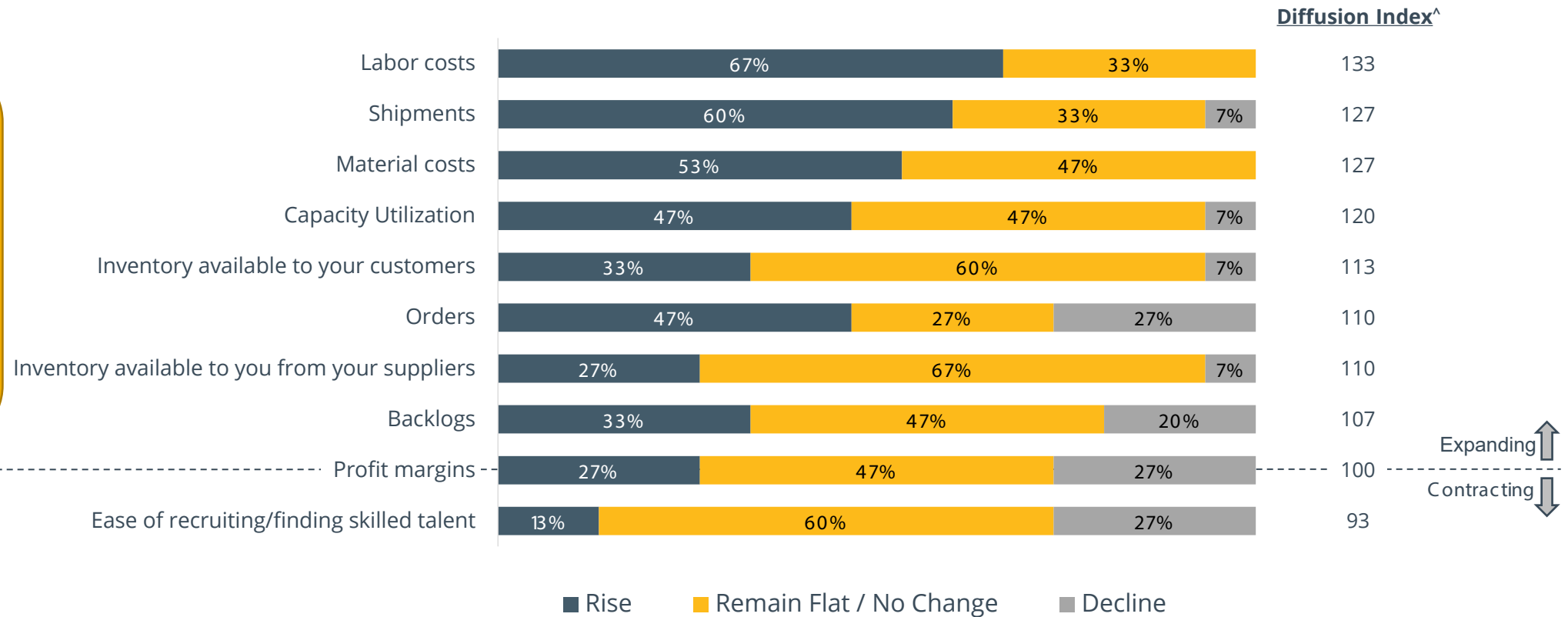


There are no significant differences in the outlook between Wire Harness and Cable Assembly Manufacturers and all other industry segments.

Anticipated Direction of Key Business Indicators Next Six Months

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

At the same time, while backlogs, orders, and shipments are expected to improve, ease of recruitment is likely to remain challenging.

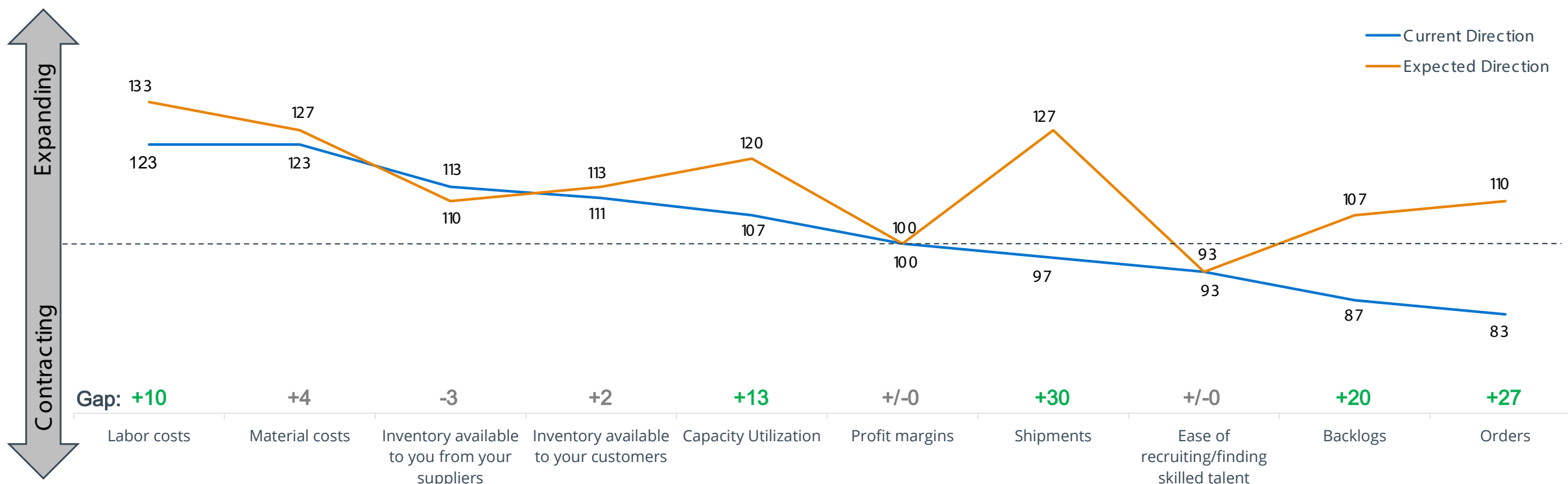


[^]A diffusion index is a statistical measure used to detect economic turning points.

Shipments, Orders, Backlogs, Capacity Utilization, and Labor Costs are Expected to Rise Over the Next Six Months, While All Other Key Business Indicators are Expected to Remain Relatively Stable



Direction of Key Business Indicators Diffusion Index



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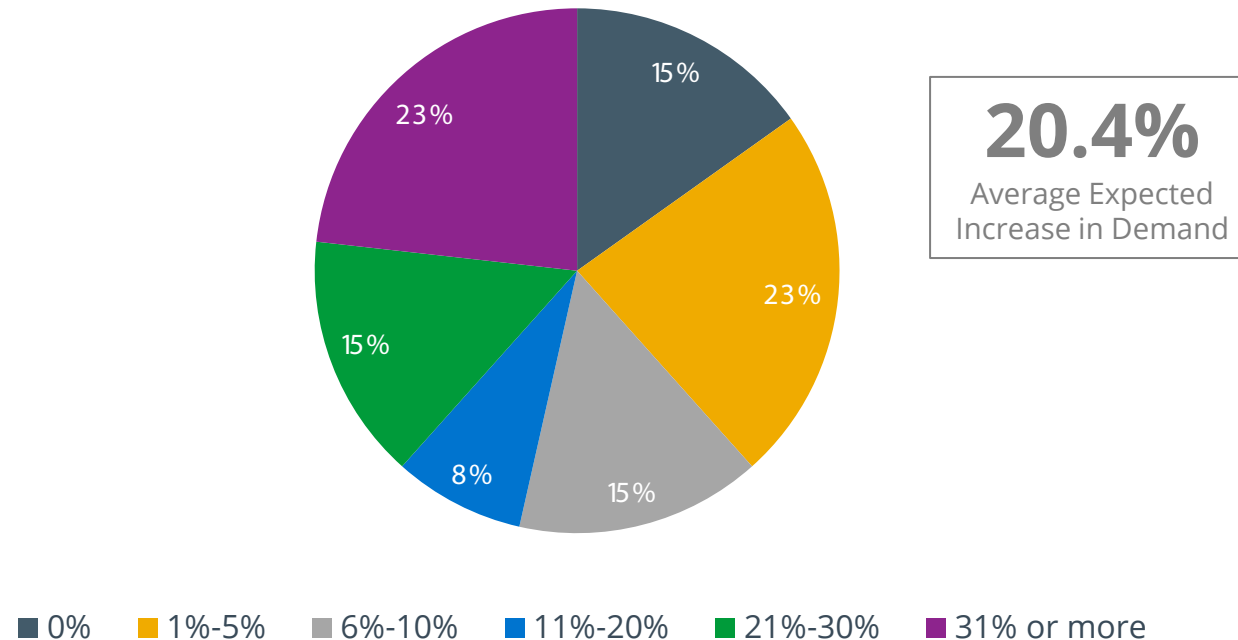
December 2023 Special Questions

If Domestically Sourced PCB Were to Experience a 25% Decline in Price, Wire Harness and Cable Assembly Manufacturers Would Expect Demand to Increase 20%, on Average



Notably, there are no significant differences in expected increase between Wire Harness and Cable Assembly Manufacturers when compared to all other industry segments.

Expected Increase in Demand if Domestically Sourced PCB Experienced a 25% Decline in Price



Q. If PCB sourced domestically were to experience a 25% decline in price, demand would rise by what percentage?

Appendix

Current Conditions Diffusion Indices

Past 12 Month Comparisons



	December 2022	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023
Shipments	128	114	117	111	108	103	108	98	103	92	95	104	97
Orders	113	113	106	108	105	83	111	93	105	96	100	104	83
Profit margins	97	102	96	94	97	106	106	89	108	96	100	82	100
Backlogs	113	96	98	105	83	97	89	100	92	83	77	100	87
Ease of recruiting/finding skilled talent	88	85	79	90	95	97	92	89	89	96	110	89	93
Material costs	140	139	138	140	134	125	131	132	129	129	114	118	123
Labor costs	135	133	135	139	129	122	125	130	132	121	114	129	123
Capacity utilization	118	111	102	108	103	106	111	100	111	108	100	111	107
Inventory available to you from your suppliers	113	113	108	116	111	111	100	105	116	112	114	121	113
Inventory available to your customers	108	107	113	115	121	103	117	93	111	113	115	118	111

Δ+5 points or more vs. previous month

-5 points or more vs. previous month

Outlook Diffusion Indices

Past 12 Month Comparisons



	December 2022	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023
Shipments	115	124	119	116	111	125	109	111	116	114	118	111	127
Orders	124	117	120	113	111	106	106	110	124	123	114	114	110
Profit margins	108	102	110	98	100	114	100	98	100	100	95	100	100
Backlogs	105	109	106	102	95	106	92	102	108	109	86	118	107
Ease of recruiting/finding skilled talent	95	105	100	98	95	97	100	91	95	91	100	96	93
Material costs	135	124	119	129	124	121	125	125	126	127	114	121	127
Labor costs	130	133	131	128	134	121	125	125	126	132	114	143	133
Capacity utilization	123	126	115	113	113	106	114	109	121	118	114	114	120
Inventory available to you from your suppliers	110	113	121	116	116	117	108	114	119	114	114	107	110
Inventory available to your customers	113	124	131	113	113	112	114	114	116	127	114	125	113

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 November 15 and November 30, 2023.



Questions? Please contact:

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