



BUILD ELECTRONICS BETTER

# The Current Sentiment of the Global Electronics Manufacturing Supply Chain

*Monitoring the Pulse of the Global Electronics Industry*

January 2024

ipc.org →

# Executive Summary



- > Industry Sentiment improved during the month, and industry insiders appear optimistic about 2024.
- > Demand sentiment rose in January, driven primarily by stronger shipment data.
  - The New Order Index rose 1 point to 102.
  - The Shipment Index rose 5 points to 110.
  - The Backlog Index was flat at 94.
  - The Capacity Utilization Index remained steady at 106 for the third consecutive month.
- > Costs measures were flat for the third consecutive month, remaining ~~at~~ **all-time low**.
- > In January 2025, IPC asked industry executives what they expected their company revenue growth to be in both 2023 and 2024.
  - Electronics manufacturers, on average, expect 5.2% revenue growth for 2023. On average, they expect revenue growth will increase to 9.5% for 2024.

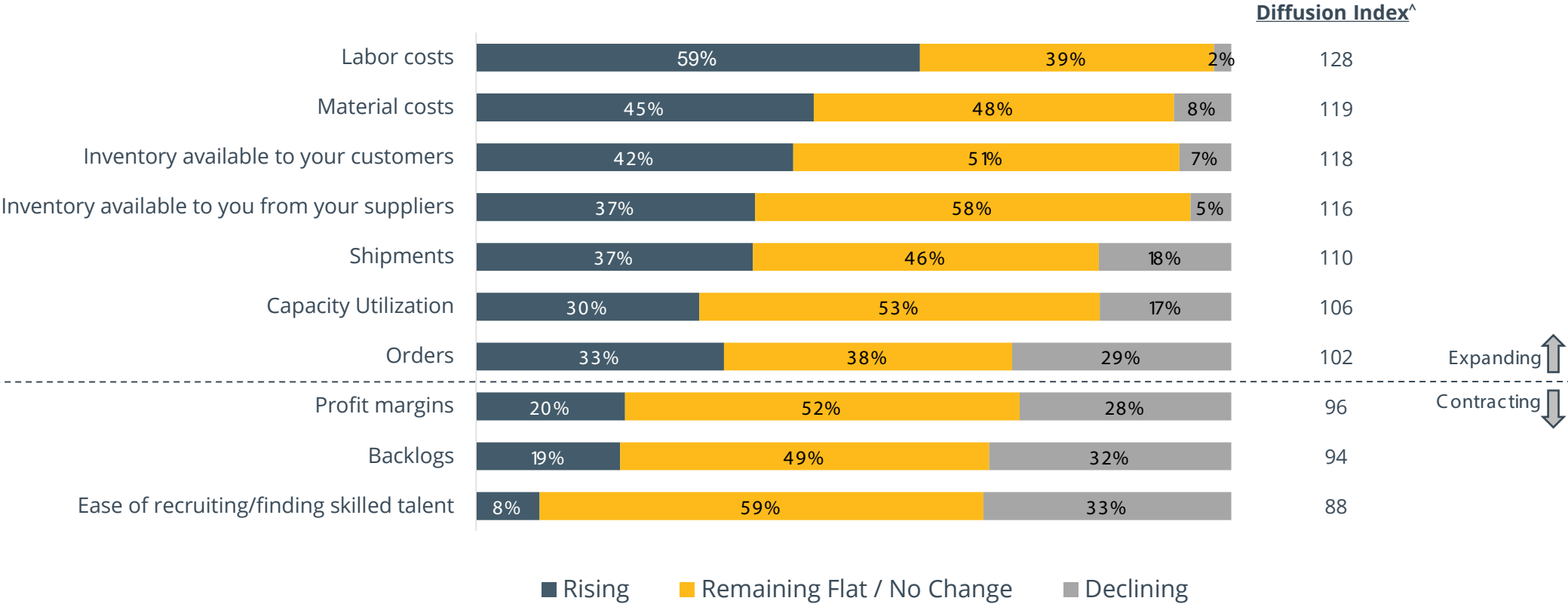
# Current Conditions for the Electronics Supply Chain



Three-fifths (59%) of electronics manufacturers are currently experiencing rising labor costs, along with nearly half (45%) reporting rising material costs.

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

## Current Direction of Key Business Indicators -- Total --



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

# Regional Differences in Current Conditions

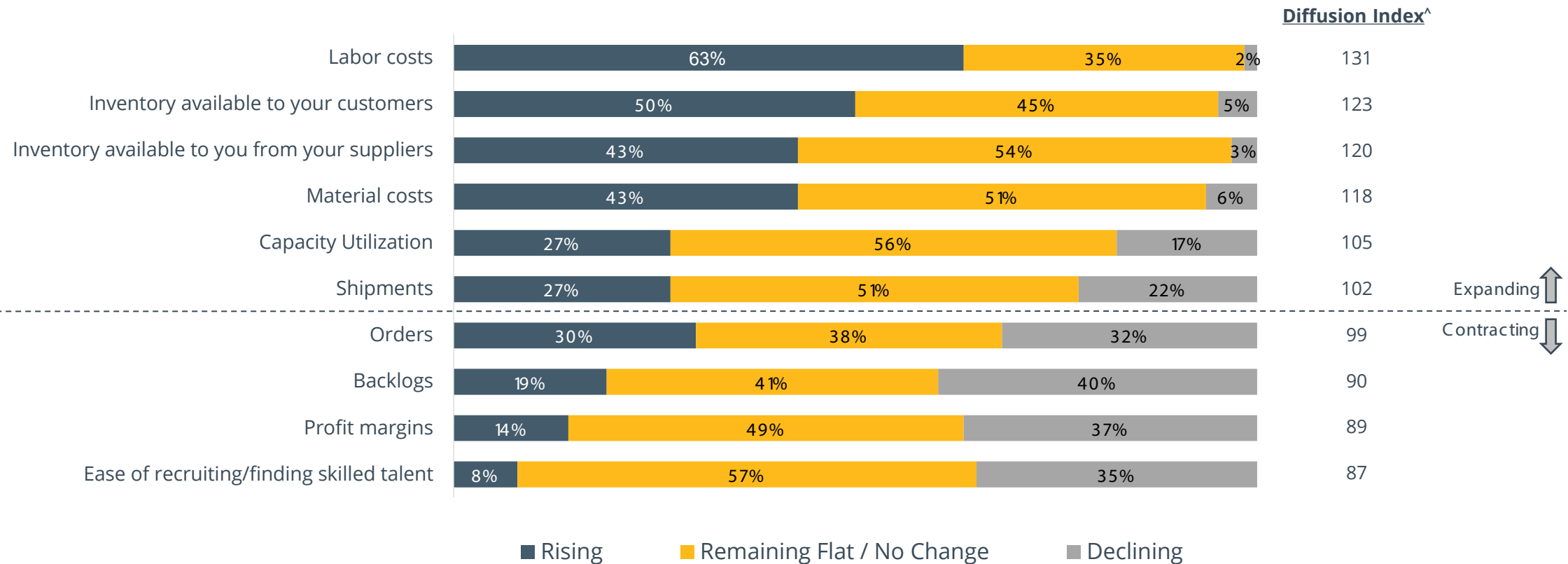


- Shipments are rising more so among firms in APAC when compared to those in North America.
  - Three-fifths (61%) of electronics manufacturers in APAC indicate shipments are currently rising, which compares to a significantly lower 27% among those in North America.

# The View From Companies Primarily Operating in North America



## Current Direction of Key Business Indicators -- Primary Region: North America

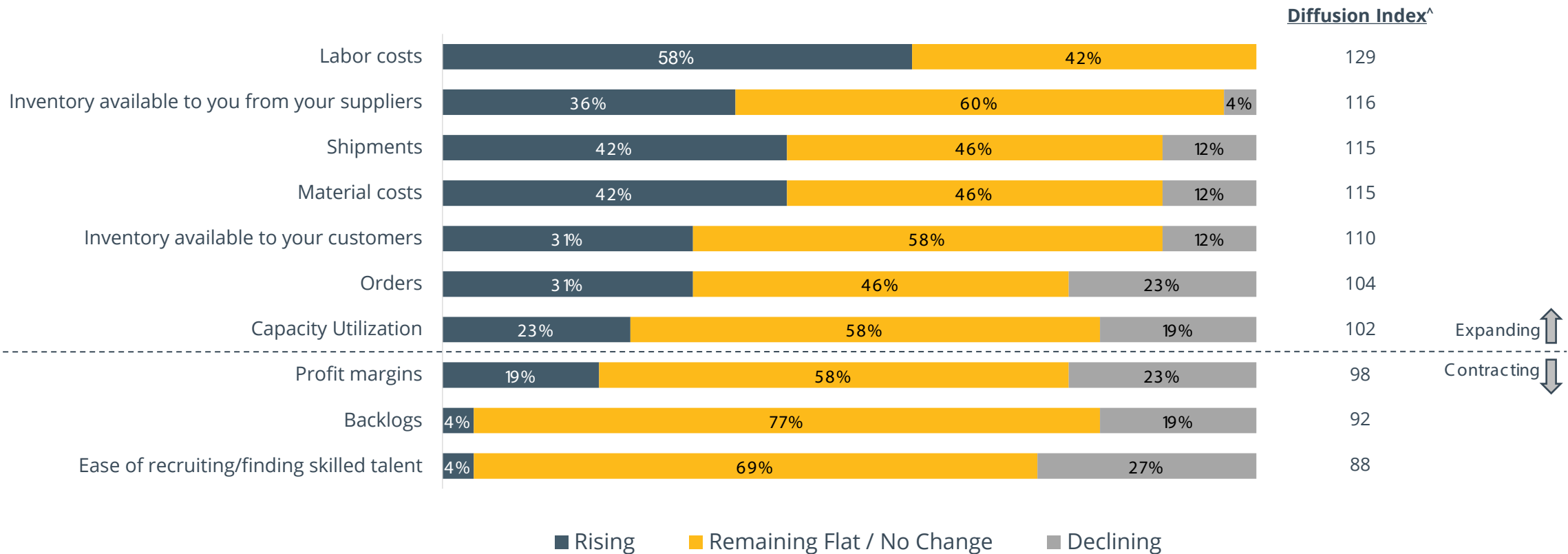


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# The View From Companies Primarily Operating in Europe



## Current Direction of Key Business Indicators -- Primary Region: Europe

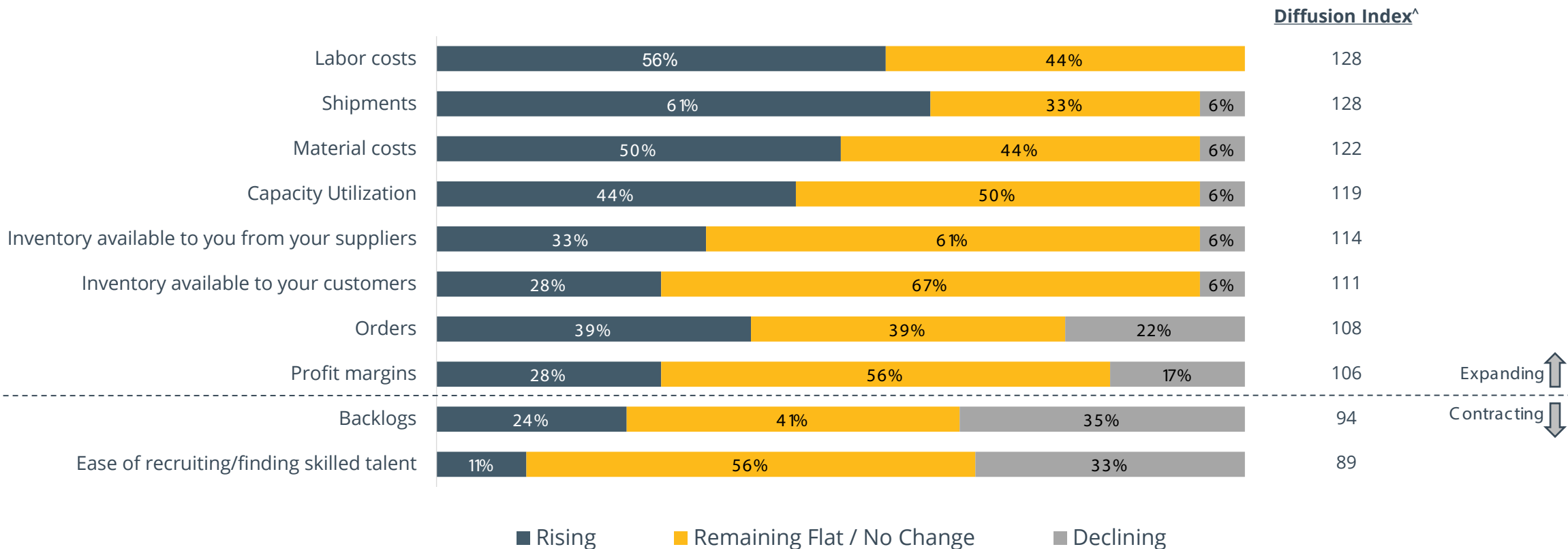


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# The View From Companies Primarily Operating in APAC

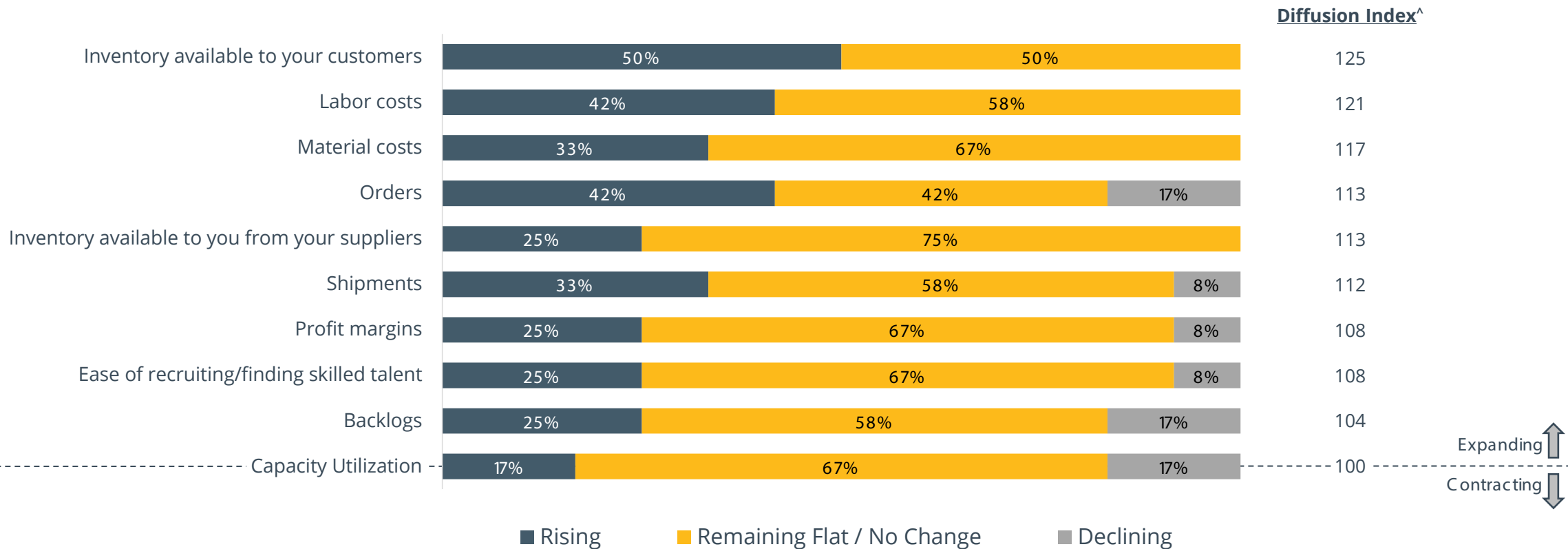


## Current Direction of Key Business Indicators -- Primary Region: APAC



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## Current Direction of Key Business Indicators -- Primary Region: Global



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

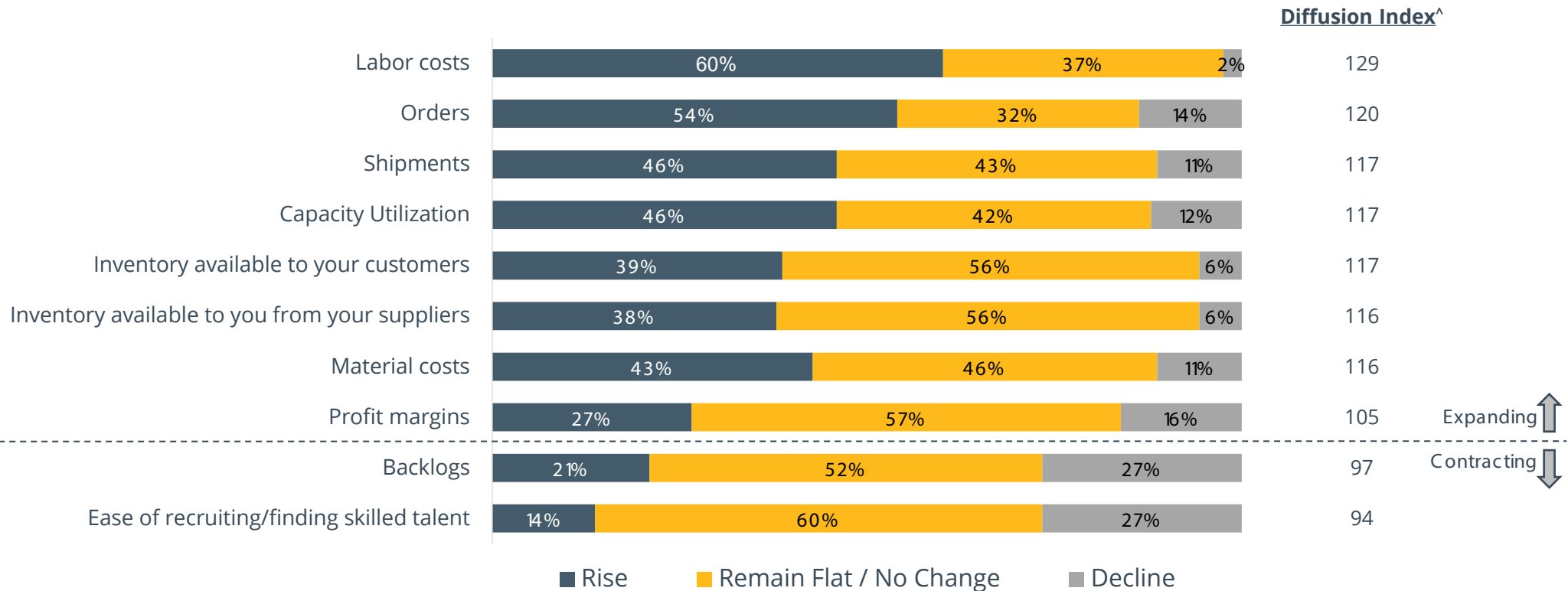


# The Outlook for the Next 6 Months



Notably, there are no significant differences in the outlook across all geographic regions.

## Anticipated Direction of Key Business Indicators Next Six Months -- Total --



Electronics manufacturers anticipate labor and material costs to remain high over the next six months.

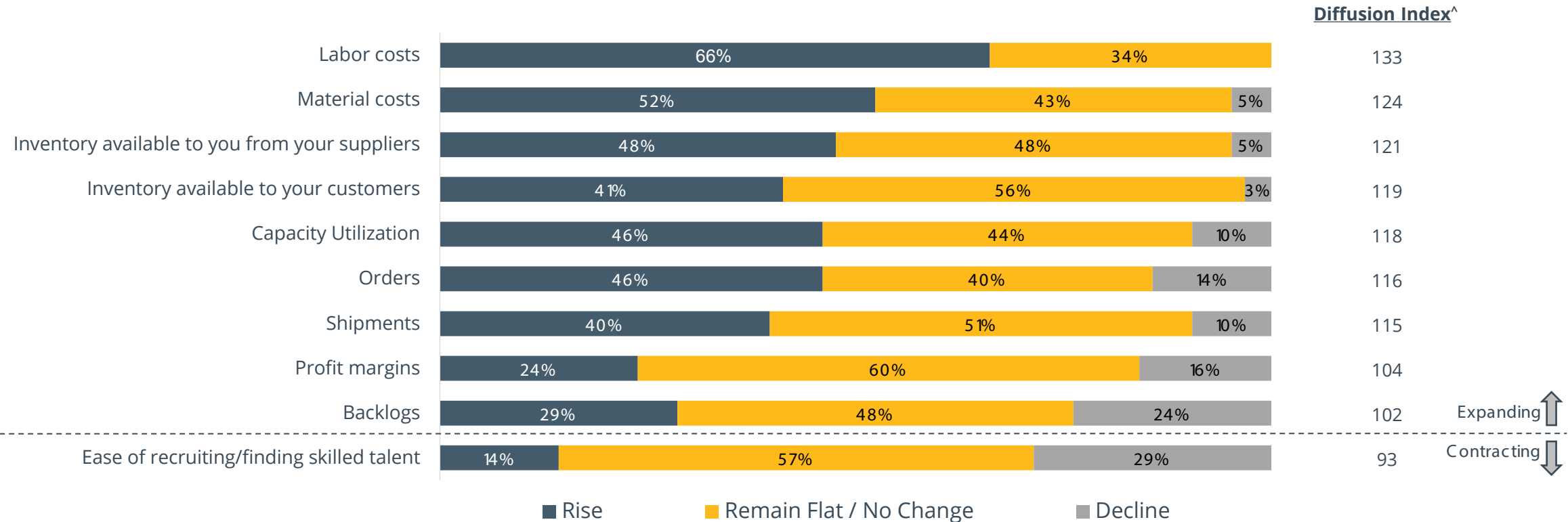
At the same time, ease of recruitment and backlogs are likely to remain challenging, while profit margins are expected to rise.

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

# The View From Companies Primarily Operating in North America



## Anticipated Direction of Key Business Indicators Next Six Months -- Primary Region: North America

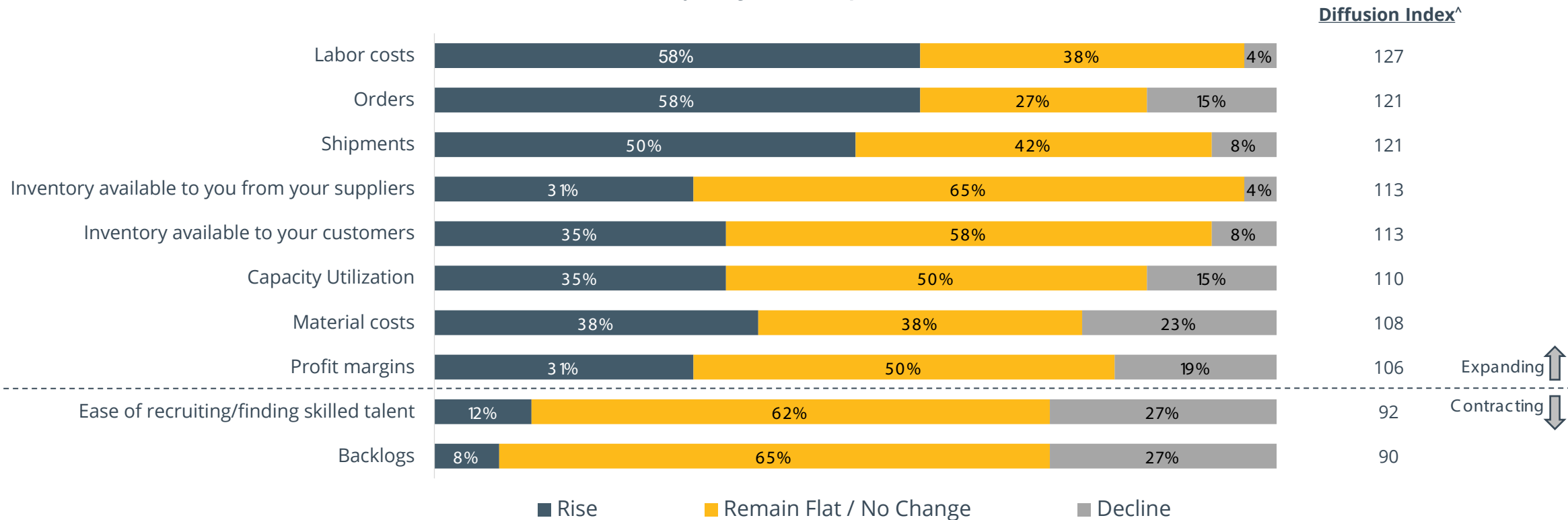


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# The View From Companies Primarily Operating in Europe



## Anticipated Direction of Key Business Indicators Next Six Months -- Primary Region: Europe



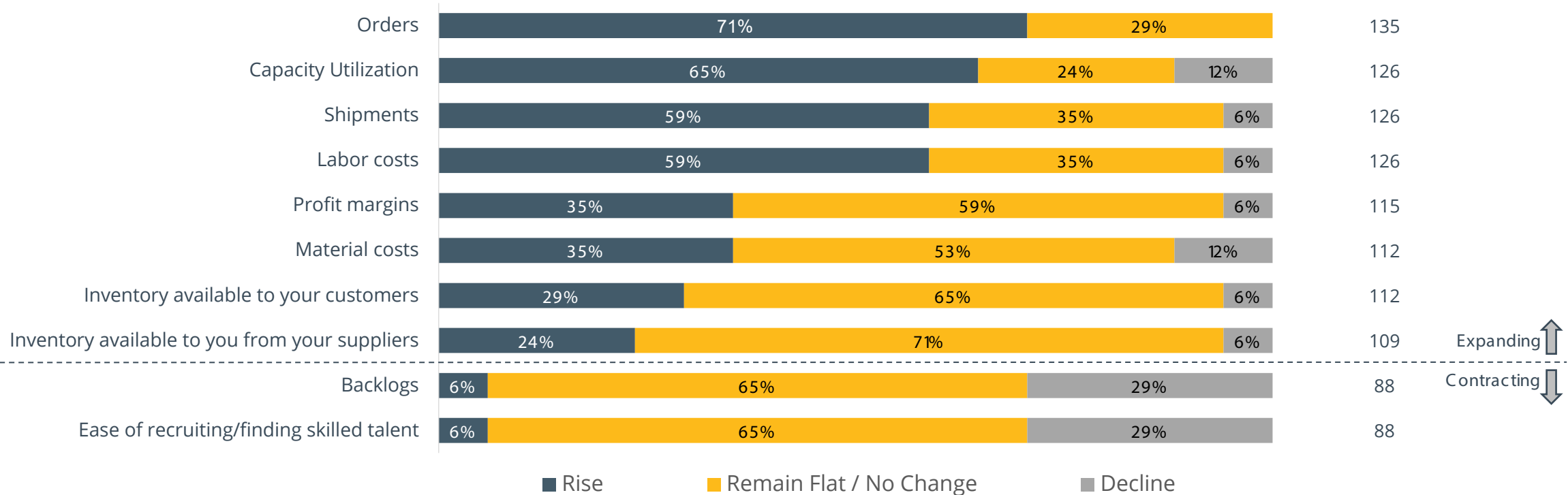
<sup>^</sup>A diffusion index is a statistical measure used to detect economic turning points.

# The View From Companies Primarily Operating in APAC



## Anticipated Direction of Key Business Indicators Next Six Months -- Primary Region: APAC

Diffusion Index<sup>^</sup>

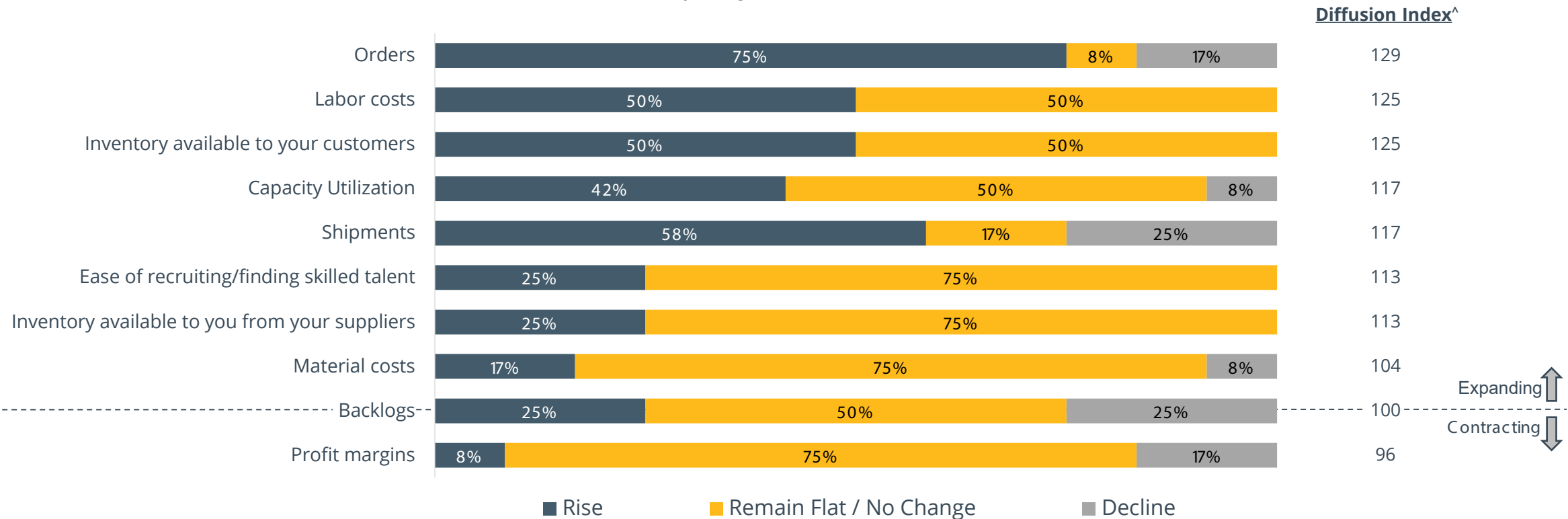


<sup>^</sup>A diffusion index is a statistical measure used to detect economic turning points.

# The View From Companies Primarily Operating Globally



## Anticipated Direction of Key Business Indicators Next Six Months -- Primary Region: Global

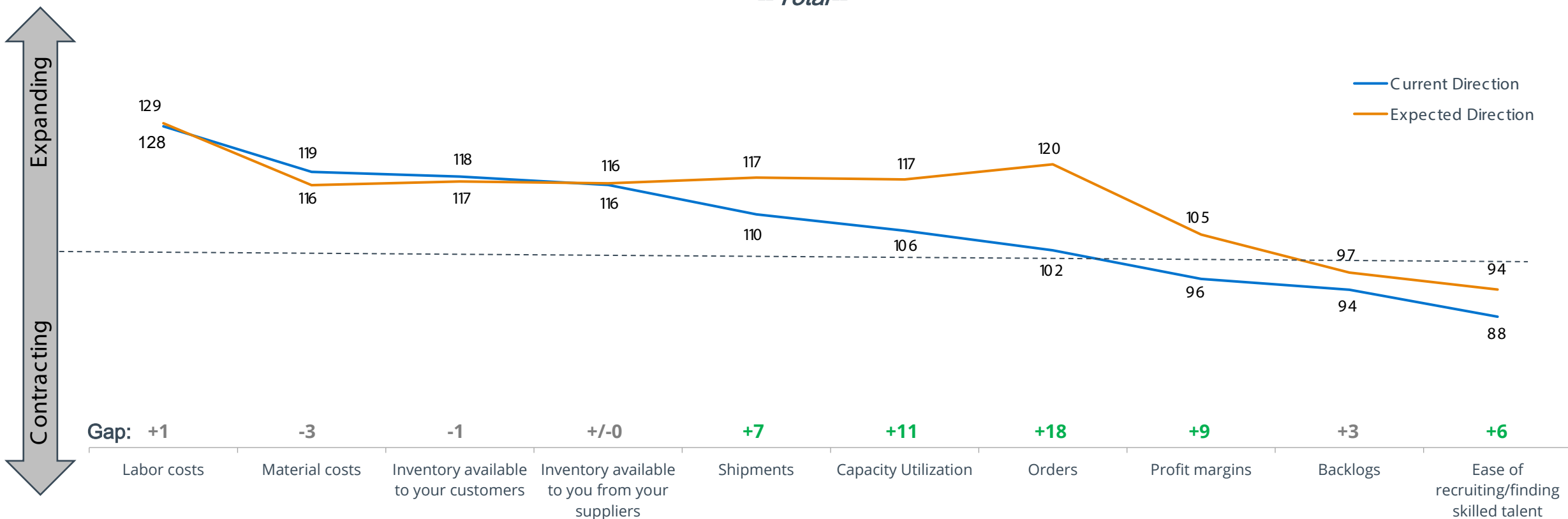


<sup>^</sup>A diffusion index is a statistical measure used to detect economic turning points.

# Orders, Capacity Utilization, Profit Margins, Shipments, and Ease of Recruitment 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<sup>^</sup> -- Total --

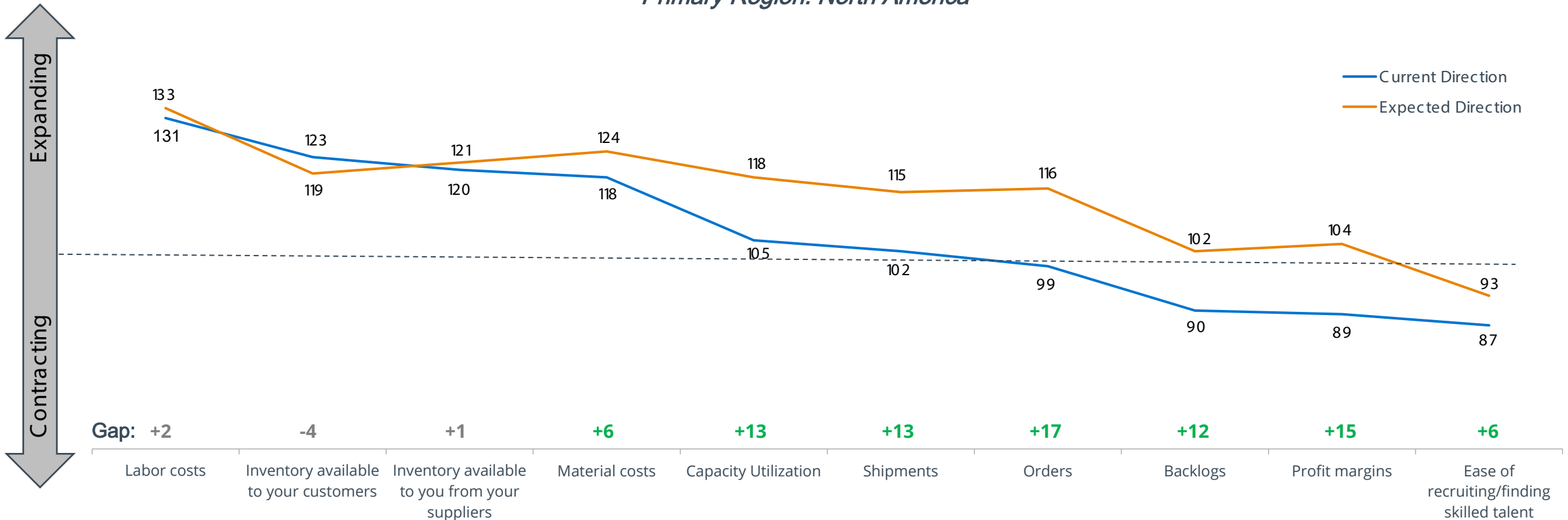


<sup>^</sup>A diffusion index is a statistical measure used to detect economic turning points.

# The View From Companies Primarily Operating in North America



**Direction of Key Business Indicators Diffusion Index**  
*-- Primary Region: North America*



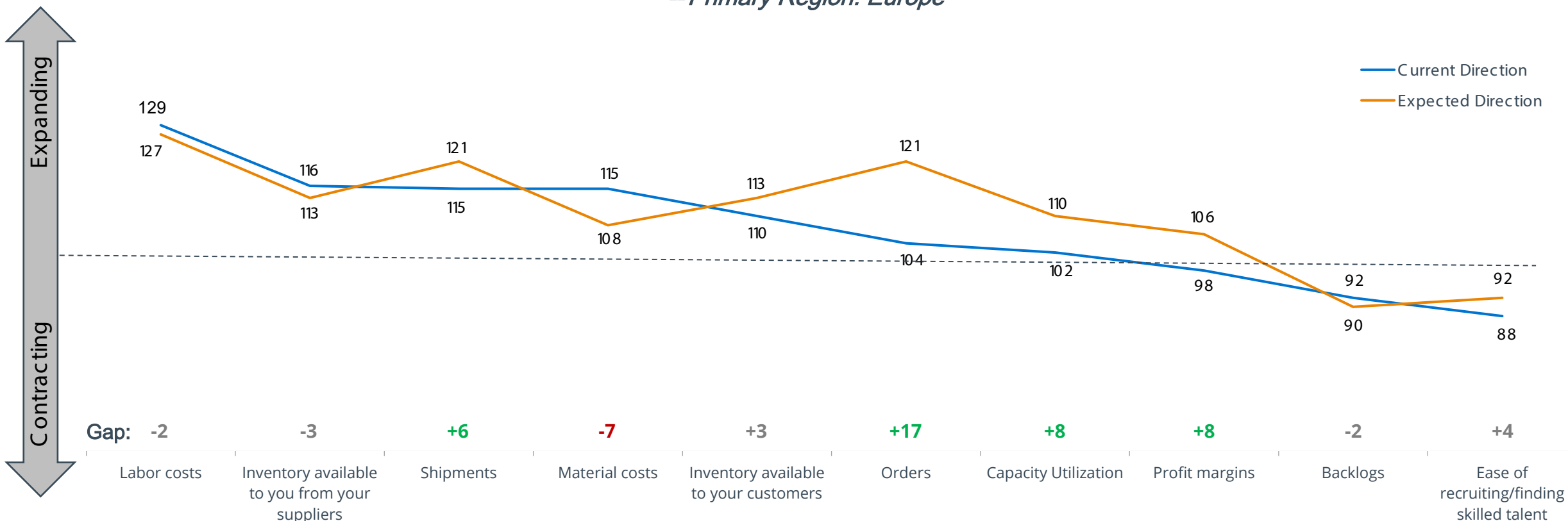
<sup>^</sup>A diffusion index is a statistical measure used to detect economic turning points.

# The View From Companies Primarily Operating in Europe



## Direction of Key Business Indicators Diffusion Index

-- Primary Region: Europe



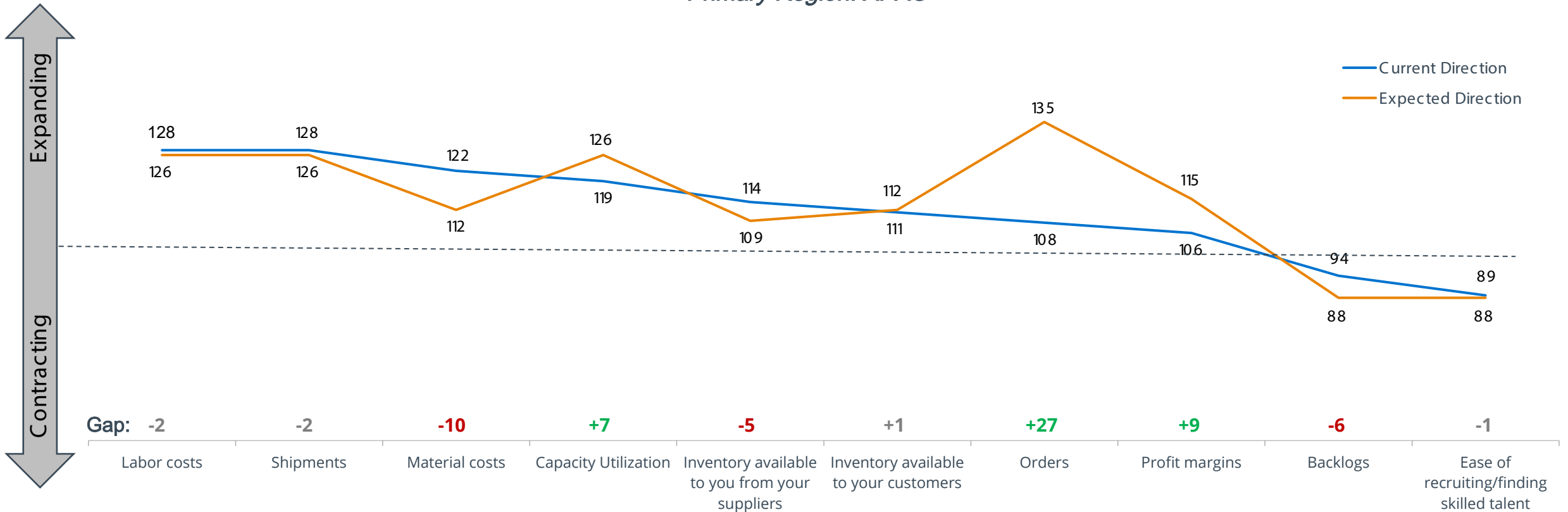
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# The View From Companies Primarily Operating in APAC



**Direction of Key Business Indicators Diffusion Index**  
 -- Primary Region: APAC

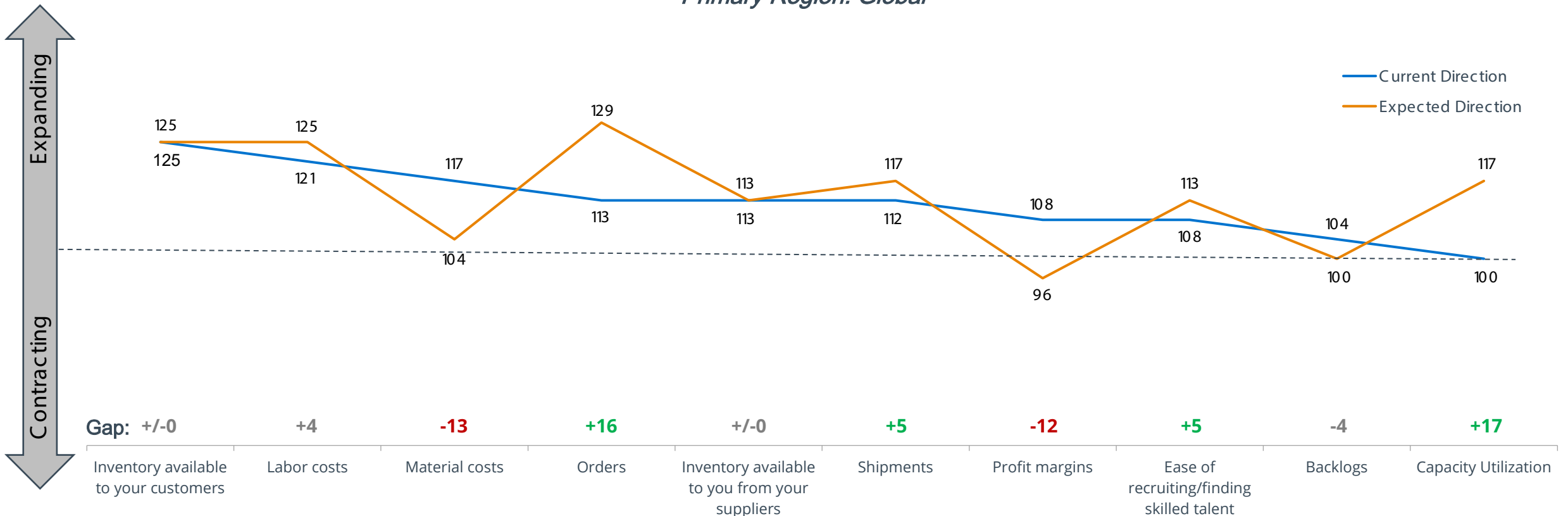


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# The View From Companies Primarily Operating Globally



**Direction of Key Business Indicators Diffusion Index**  
*-- Primary Region: Global*



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

# January 2024 Special Questions

# Electronics Manufacturers Expect to See an Average 5.2% Revenue Growth for 2023, Which They Anticipate Will Increase to 9.5% for 2024

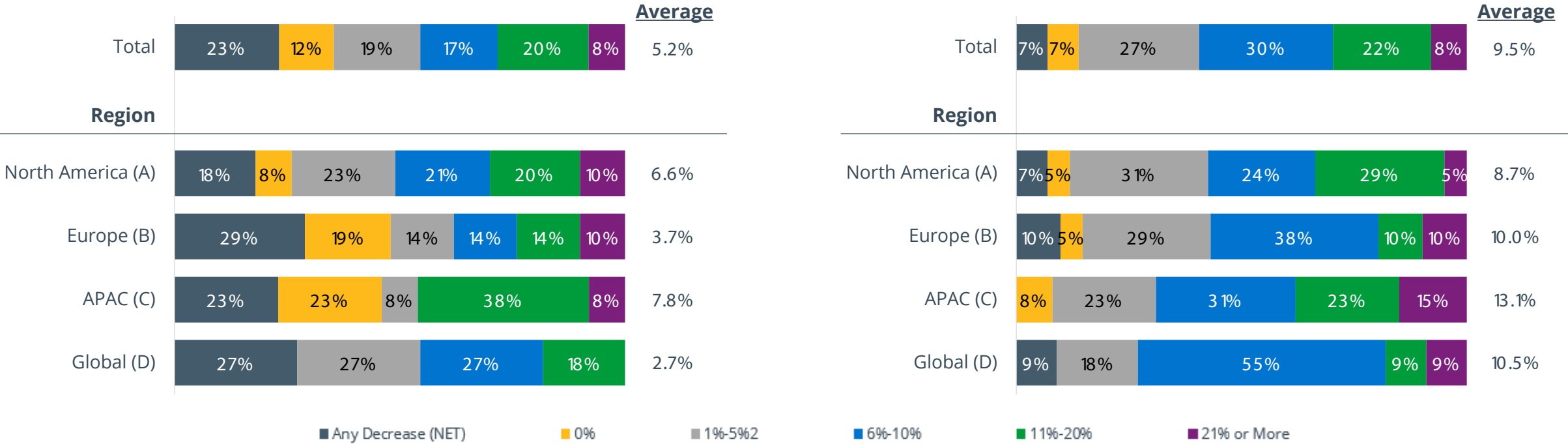


Notably, there are no significant differences in expected revenue growth across all geographic regions for both 2023 and 2024.

## Expected Revenue Growth

### 2023 YOY

### 2024 YOY



Q. What do you expect your company's revenue growth to be in 2023? Please provide your response as a percentage over prior year.  
 Q. And, what do you expect your company's revenue growth to be in 2024? Please provide your response as a percentage over prior year

A/B/C/D Statistically significant at 90% confidence interval

# Appendix

# Current Conditions Diffusion Indices

Past 12 Month Comparisons (TOTAL)



	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	January 2024
Shipments	112	110	111	110	109	108	103	110	106	104	107	105	110
Orders	112	111	112	105	101	107	103	104	101	100	105	101	102
Profit margins	89	86	90	93	95	96	91	96	93	92	94	95	96
Backlogs	99	101	104	97	99	95	93	98	90	91	96	94	94
Ease of recruiting/finding skilled talent	87	84	91	89	92	90	92	92	89	88	87	88	88
Material costs	136	135	133	130	128	126	123	128	124	122	118	119	119
Labor costs	136	137	136	131	128	129	129	133	131	129	130	128	128
Capacity utilization	111	108	110	105	103	108	103	108	104	102	106	106	106
Inventory available to you from your suppliers	104	102	106	108	110	112	112	110	109	111	112	111	116
Inventory available to your customers	111	106	108	111	116	115	109	109	108	108	107	110	118

Δ+5 points or more vs. previous month

-5 points or more vs. previous month

# Outlook Diffusion Indices

Past 12 Month Comparisons (TOTAL)



	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	January 2024
Shipments	120	119	116	118	118	112	115	117	110	114	116	116	117
Orders	116	116	114	118	111	111	116	117	113	114	114	116	120
Profit margins	97	100	98	98	99	99	96	104	100	100	102	100	105
Backlogs	100	97	100	95	93	92	98	100	95	97	104	97	97
Ease of recruiting/finding skilled talent	95	95	93	95	95	93	95	95	91	91	89	93	94
Material costs	130	127	128	126	122	123	120	123	122	120	116	116	116
Labor costs	135	133	134	132	124	128	126	126	129	128	132	130	129
Capacity utilization	118	115	115	112	110	111	113	115	114	111	114	114	117
Inventory available to you from your suppliers	113	113	112	113	113	113	118	113	113	113	112	114	116
Inventory available to your customers	117	114	111	110	114	111	117	112	112	112	111	115	117

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 December 12 and December 31, 2023.





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