



BUILD ELECTRONICS BETTER

The Current Sentiment of the Wire Harness and Cable Assembly Industry

Monitoring the Pulse of the Global Electronics Industry

February 2024

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Executive Summary



- > Industry sentiment rose during the month
- > Demand improved this month, pushing into expansionary territory for the first time since November.
 - Demand was pushed higher by strong moves in the New Orders Index which increased to 110.
 - The Shipments Index dropped 5 points and the Backlogs Index rose, which could both be weather -related.
 - The demand outlook also moved strongly higher in the last month.
- > Cost pressures moved higher this month
 - While the Materials Cost Index fell 2 points, the Labor Costs Index rose by 8 points to the highest level since July 2023.
- > This month IPC asked industry executives their expectations for a recession in 2024 and 2025 and the likely timing of any recession.
 - On average, wire harness and cable assembly manufacturers believe there is a 35% chance of a recession in 2024 and a 36% chance of a recession in 2025.
 - Wire harness and cable assembly manufacturers who indicate a recession is probable in 2024 believe it would be most likely to occur during the second half of the year

Current Supply Chain Conditions for Wire Harness and Cable Assembly Manufacturers

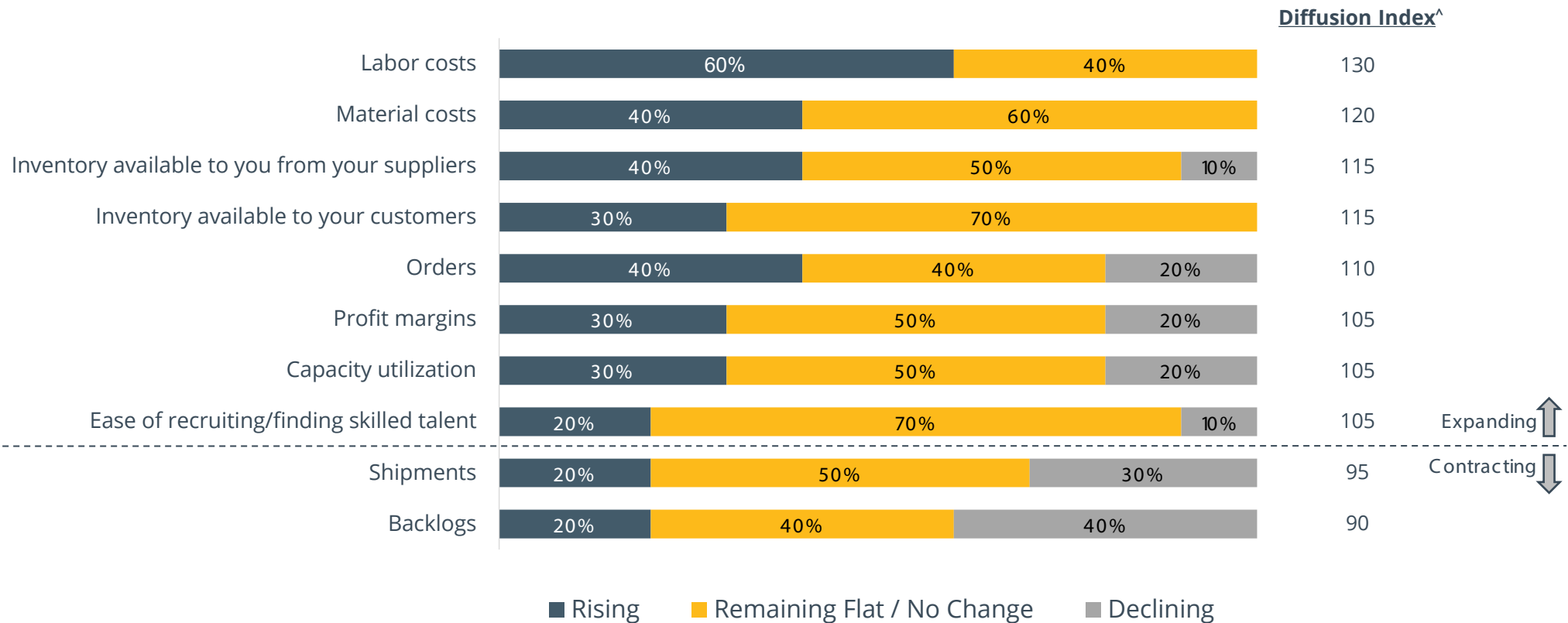


There are no significant differences in current conditions between Wire Harness and Cable Assembly Manufacturers and all other industry segments.

Current Direction of Key Business Indicators

Three-fifths (60%) of Wire Harness and Cable Assembly Manufacturers are currently experiencing rising labor costs, with two-fifths (40%) reporting rising material costs, supplier inventory, and orders.

At the same time, backlogs 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

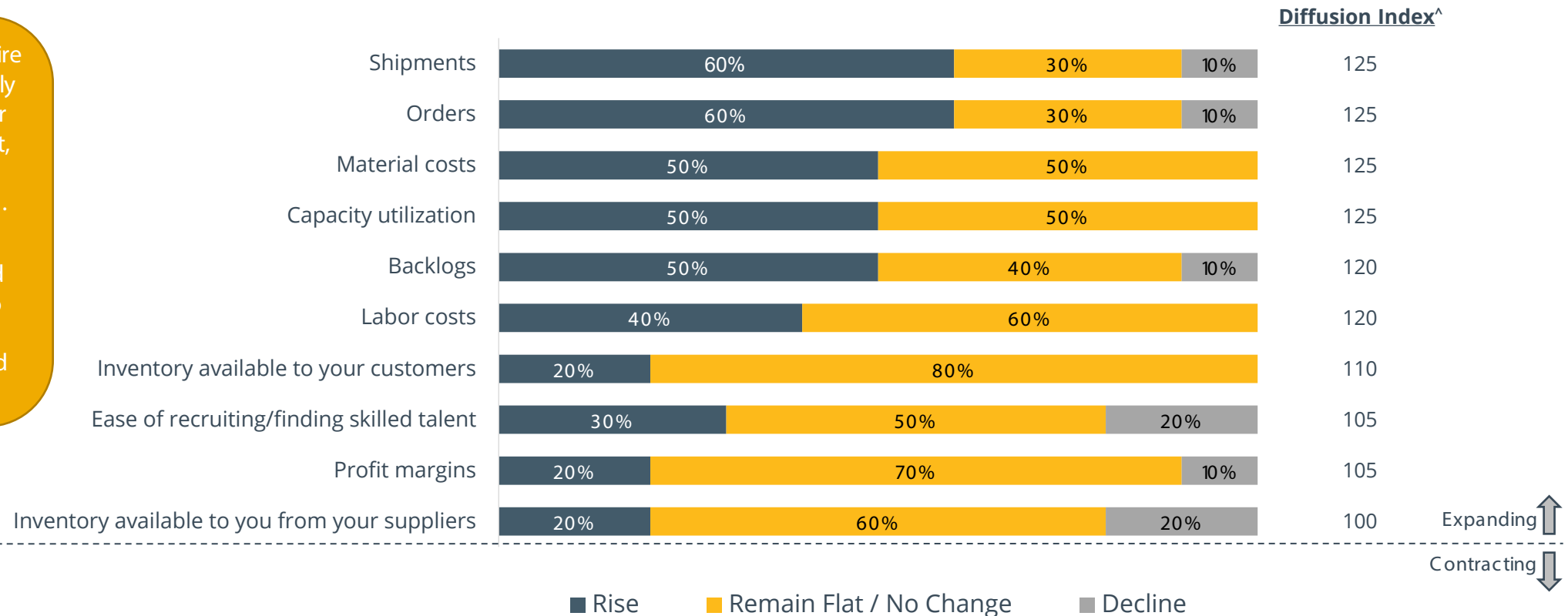


There are no significant differences in the outlook between Wire Harness and Cable Assembly Manufacturers and all other industry segments.

Anticipated Direction of Key Business Indicators Next Six Months

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

Notably, both backlogs and shipments are expected to improve considerably, with increases also in orders and capacity utilization.



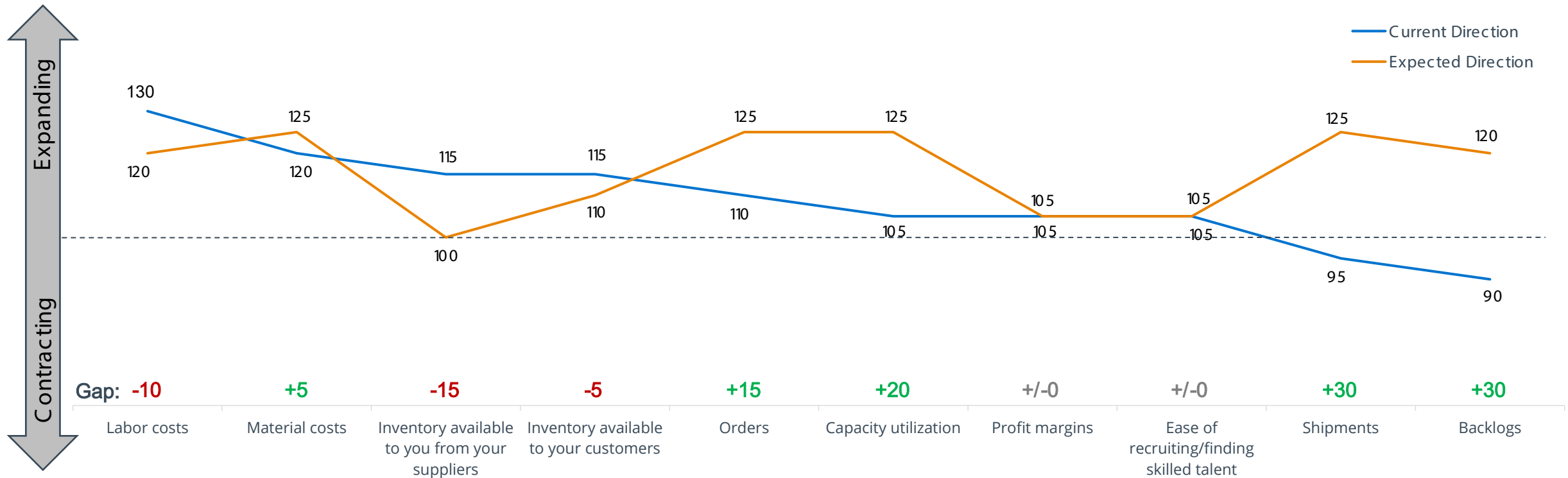
[^]A diffusion index is a statistical measure used to detect economic turning points.

Shipments, Backlogs, Capacity Utilization, Orders, and Material Costs are Expected to Rise Over the Next Six Months, While Labor Costs and Inventories are Expected to Decline



All other key business indicators are expected to remain relatively stable.

Direction of Key Business Indicators Diffusion Index



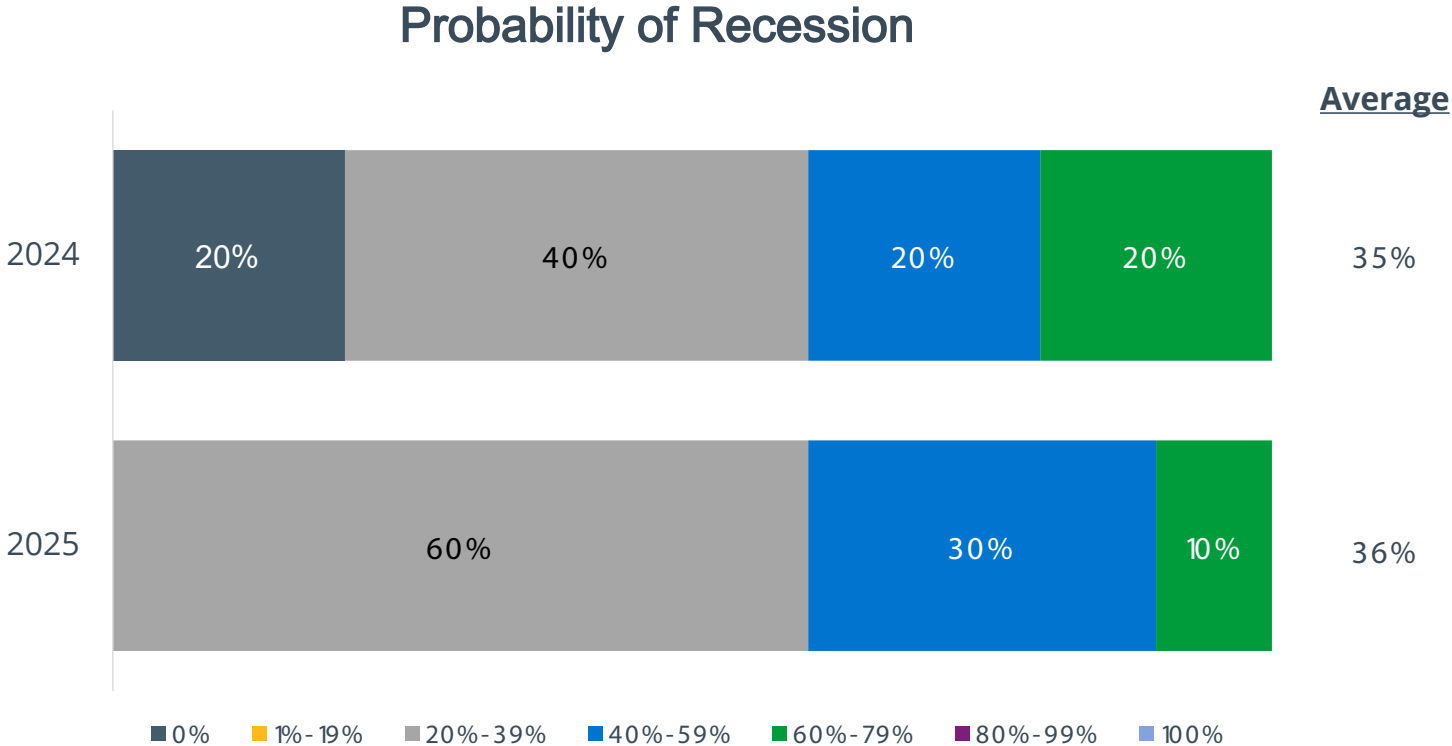
[^]A diffusion index is a statistical measure used to detect economic turning points.

February 2024 Special Questions

On Average, One in Three Wire Harness and Cable Assembly Manufacturers Believe a Recession is Probable in Either 2024 (35%) or 2025 (36%)



While Wire Harness and Cable Assembly Manufacturers (60%) and Materials Suppliers (62%) are more likely to place the probability of a 2024 recession occurring in the 20%-39% range vs. Original Equipment Manufacturers (8%), Contract Electronics Manufacturing Services (21%), and PCB Board Fabricators/Suppliers (14%), there are no significant differences in overall average likelihood of a recession occurring in 2024 or 2025.



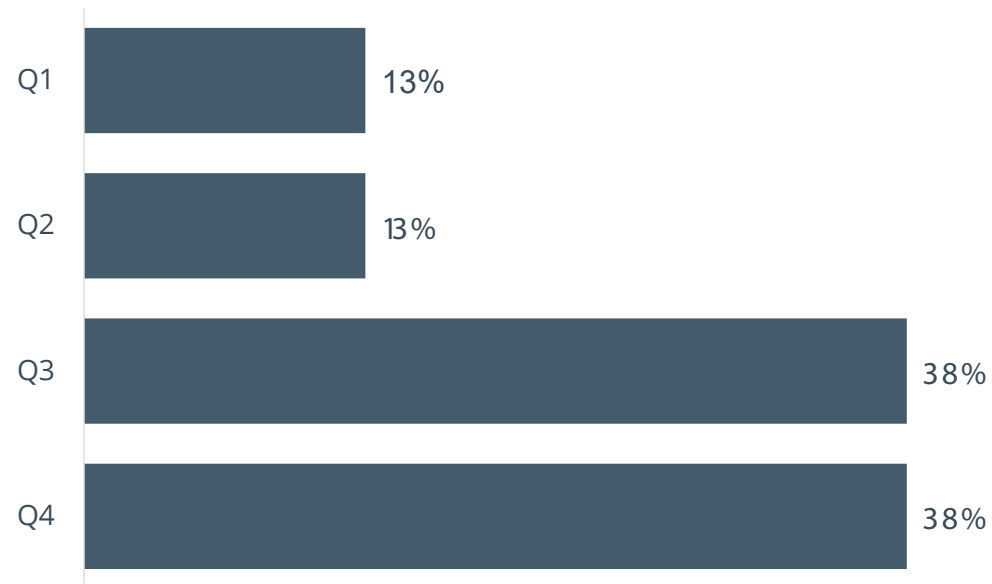
Q. In your opinion, what is the probability of a recession occurring in your home country in 2024? Please provide your response as a percentage (0%-100%).
Q. And, what is the probability of a recession occurring in your home country in 2025? Please provide your response as a percentage (0%-100%).

Wire Harness and Cable Assembly Manufacturers Who Indicate a Recession is Probable in 2024 Believe it Would be Most Likely to Occur During the Second Half of the Year



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

When a 2024 Recession Would be Most Likely to Occur *(among those indicating a 2024 recession is probable)*



Q. If a recession were to occur this year (2024), in which month do you think it would begin?

Appendix

Current Conditions Diffusion Indices

Past 12 Month Comparisons



	February 2023	March 2023	April 2023	May 2023	June 2023	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	January 2024	February 2024
Shipments	117	111	108	103	108	98	103	92	95	104	97	100	95
Orders	106	108	105	83	111	93	105	96	100	104	83	97	110
Profit margins	96	94	97	106	106	89	108	96	100	82	100	97	105
Backlogs	98	105	83	97	89	100	92	83	77	100	87	81	90
Ease of recruiting/finding skilled talent	79	90	95	97	92	89	89	96	110	89	93	91	105
Material costs	138	140	134	125	131	132	129	129	114	118	123	122	120
Labor costs	135	139	129	122	125	130	132	121	114	129	123	131	130
Capacity utilization	102	108	103	106	111	100	111	108	100	111	107	106	105
Inventory available to you from your suppliers	108	116	111	111	100	105	116	112	114	121	113	116	115
Inventory available to your customers	113	115	121	103	117	93	111	113	115	118	111	109	115

Δ+5 points or more vs. previous month

-5 points or more vs. previous month

Outlook Diffusion Indices

Past 12 Month Comparisons



	February 2023	March 2023	April 2023	May 2023	June 2023	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	January 2024	February 2024
Shipments	119	116	111	125	109	111	116	114	118	111	127	106	125
Orders	120	113	111	106	106	110	124	123	114	114	110	116	125
Profit margins	110	98	100	114	100	98	100	100	95	100	100	106	105
Backlogs	106	102	95	106	92	102	108	109	86	118	107	94	120
Ease of recruiting/finding skilled talent	100	98	95	97	100	91	95	91	100	96	93	94	105
Material costs	119	129	124	121	125	125	126	127	114	121	127	131	125
Labor costs	131	128	134	121	125	125	126	132	114	143	133	131	120
Capacity utilization	115	113	113	106	114	109	121	118	114	114	120	116	125
Inventory available to you from your suppliers	121	116	116	117	108	114	119	114	114	107	110	116	100
Inventory available to your customers	131	113	113	112	114	114	116	127	114	125	113	116	110

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 January 15 and January 31, 2024.



Questions? Please contact:

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