



BUILD ELECTRONICS BETTER

The Current Sentiment of the Wire Harness and Cable Assembly Industry

Monitoring the Pulse of the Global Electronics Industry

January 2024

[ipc.org](https://www.ipc.org) →

Executive Summary



- > Industry Sentiment improved during the month but remains in contractionary territory. However, industry insiders appear more optimistic about 2024 than about 2023.
- > Demand sentiment rose slightly during the month, but remains in contractionary territory. driven primarily by stronger shipment data.
 - The New Order Index jumped 14 points to 97.
 - The Shipment Index rose 3 points to 100, moving narrowly out of contractionary territory.
 - The Backlog Index fell 6 points to 81.
 - The Capacity Utilization Index slipped 1 point to 106.
- > Costs measures dropped 1 point to 122. Both the Labor Costs Index and the Materials Costs Index fell one point.
- > In January 2025, IPC asked industry executives what they expected their company revenue growth to be in both 2023 and 2024.
 - wire harness and cable assembly manufacturers , on average, expect 3.5% revenue growth for 2023. On average, they expect revenue growth will increase to 5.8% for 2024.

Current Supply Chain Conditions for Wire Harness and Cable Assembly Manufacturers

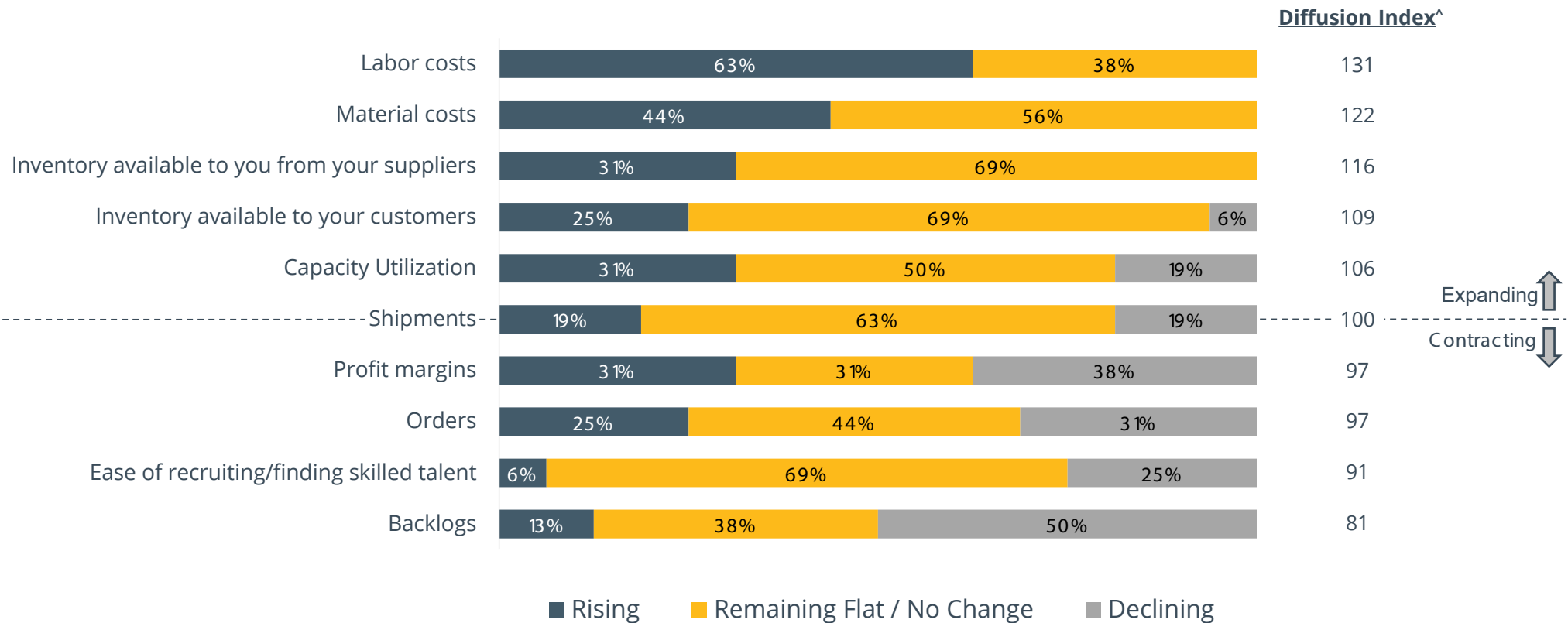


Notably, there are no significant differences in current conditions between Wire Harness and Cable Assembly Manufacturers and all other industry segments.

Current Direction of Key Business Indicators

Nearly two-thirds (63%) of Wire Harness and Cable Assembly Manufacturers are currently experiencing rising labor costs, with more than two-fifths (44%) citing rising material costs.

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



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

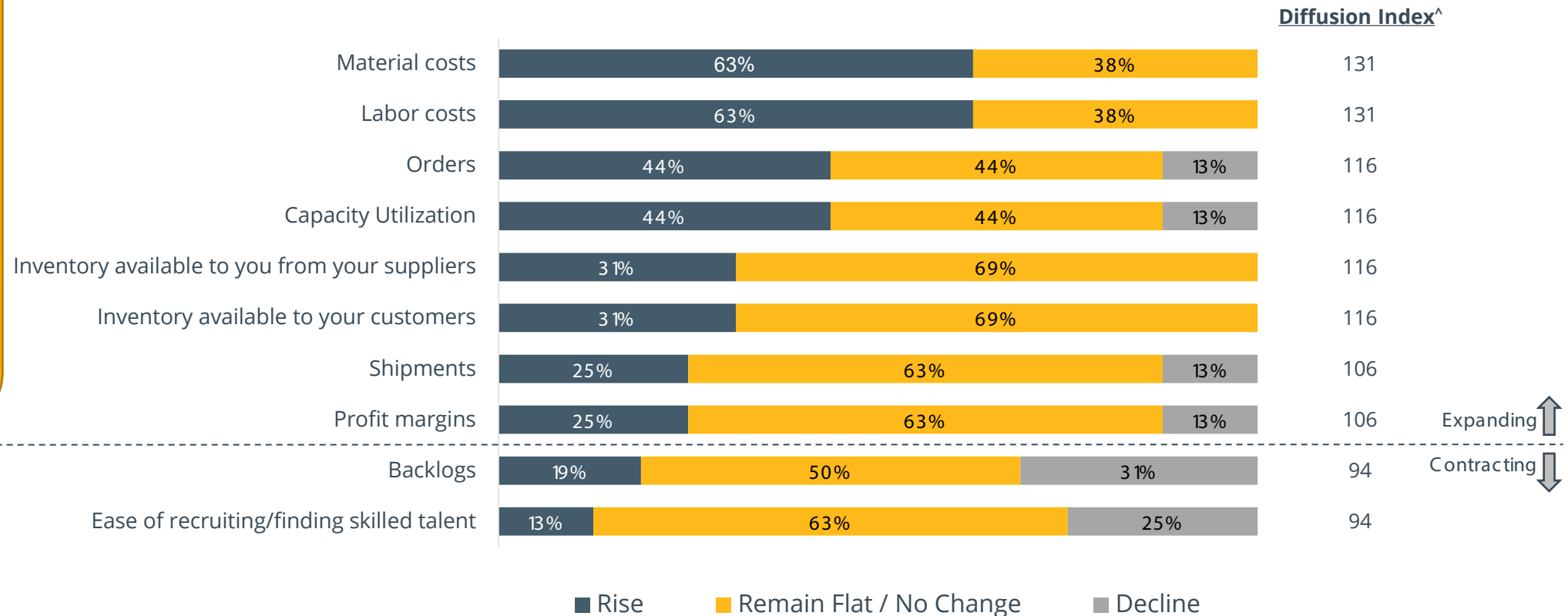
The Outlook for the Next 6 Months



Anticipated Direction of Key Business Indicators Next Six Months

Over the next six months, Wire Harness and Cable Assembly Manufacturers expect to see a considerable increase in material costs, while labor costs are expected to remain high.

Although orders and profit margins are expected to improve, Wire Harness and Cable Assembly Manufacturers anticipate ease of recruitment and backlogs will remain challenging.



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

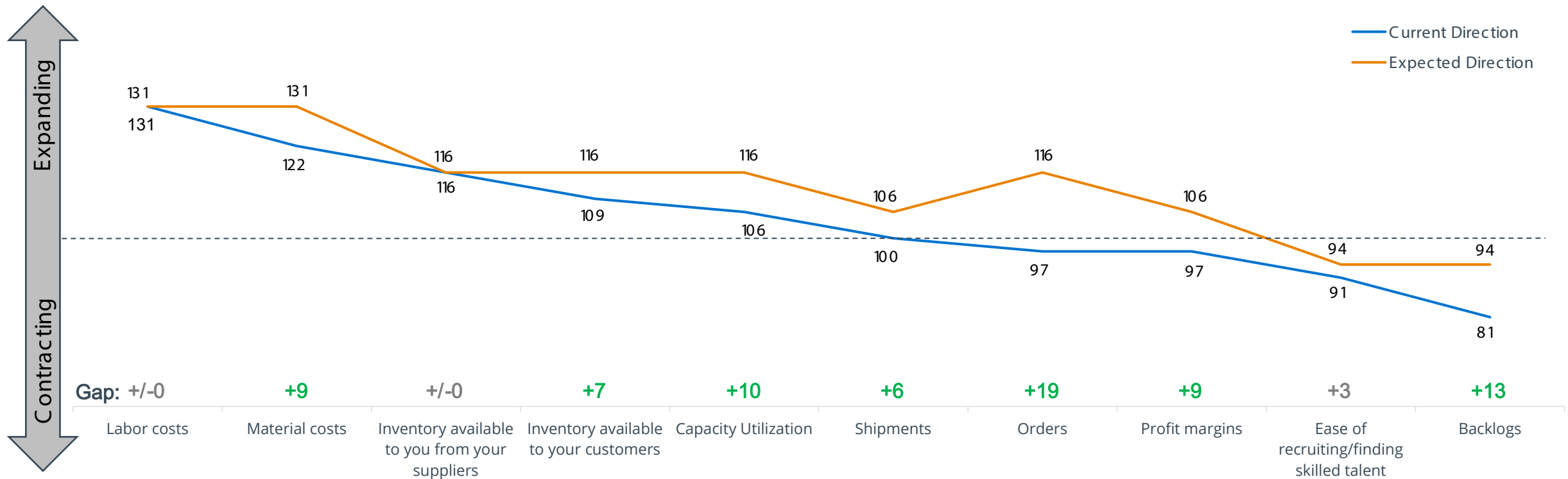
Differences in the Outlook by Industry Segment

- **Wire Harness and Cable Assembly Manufacturers, along with Original Equipment Manufacturers, Equipment Suppliers, and Contract Electronics Manufacturing Services expect material costs to rise more so over the next six months than do Material Suppliers.**
 - Approximately two-thirds (63%) of Wire Harness and Cable Assembly Manufacturers, as well as 65% of Original Equipment Manufacturers, 55% of Equipment Suppliers, and 41% of Contract Electronics Manufacturing Services foresee material costs rising over the next six months, which compares to 0% among Materials Suppliers, who instead are more likely anticipating material costs to remain stable (86%).

Orders, Backlogs, Capacity Utilization, Material Costs, Profit Margins, Customer Inventory, and Shipments 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



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

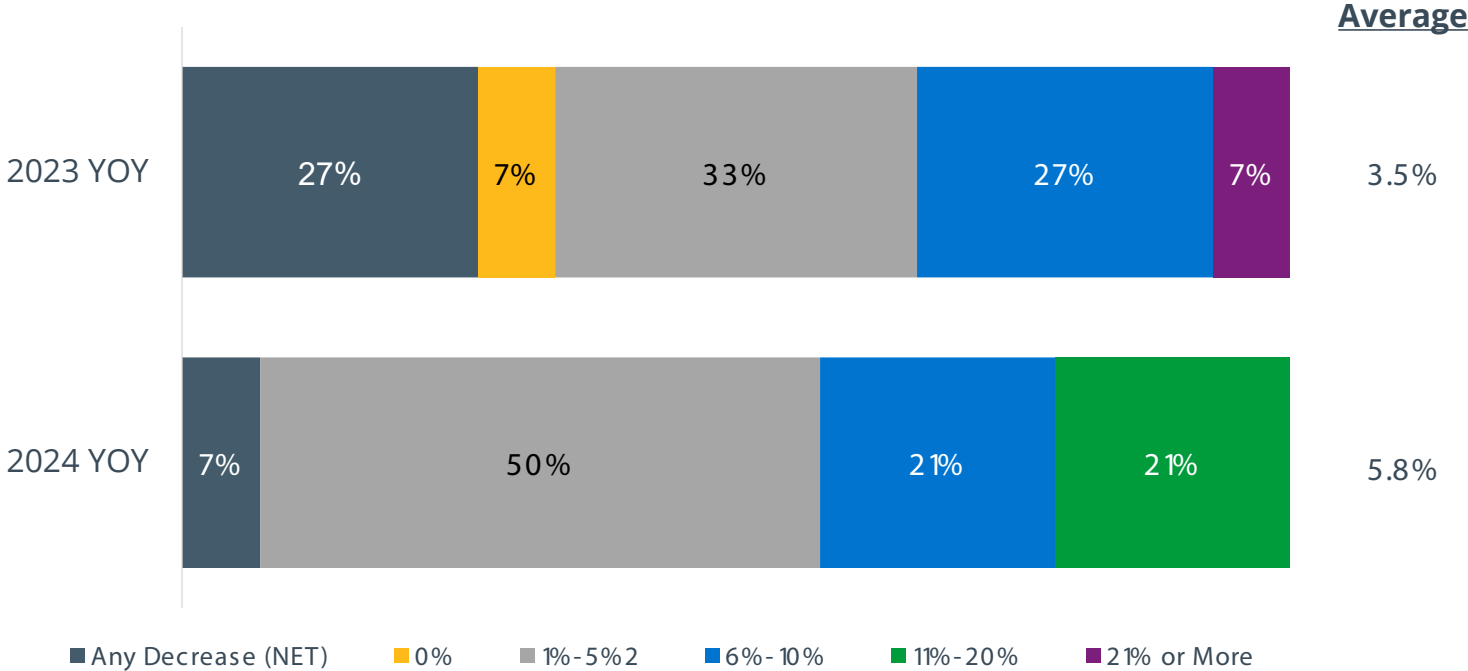
January 2024 Special Questions

Wire Harness and Cable Assembly Manufacturers Expect to See an Average 3.5% Revenue Growth for 2023, Which They Anticipate Will Increase to 5.8% for 2024



Notably, PCB Board Fabricators/Suppliers are more likely anticipating negative revenue growth in 2023 when compared to all other industry segments, while Original Equipment Manufacturers and Equipment Suppliers are more likely to expect 2023 revenue growth to be in the range of 11% - 20% vs. both Wire Harness and Cable Assembly Manufacturers and Materials Suppliers.

Expected Revenue Growth



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

Appendix

Current Conditions Diffusion Indices

Past 12 Month Comparisons



	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	114	117	111	108	103	108	98	103	92	95	104	97	100
Orders	113	106	108	105	83	111	93	105	96	100	104	83	97
Profit margins	102	96	94	97	106	106	89	108	96	100	82	100	97
Backlogs	96	98	105	83	97	89	100	92	83	77	100	87	81
Ease of recruiting/finding skilled talent	85	79	90	95	97	92	89	89	96	110	89	93	91
Material costs	139	138	140	134	125	131	132	129	129	114	118	123	122
Labor costs	133	135	139	129	122	125	130	132	121	114	129	123	131
Capacity utilization	111	102	108	103	106	111	100	111	108	100	111	107	106
Inventory available to you from your suppliers	113	108	116	111	111	100	105	116	112	114	121	113	116
Inventory available to your customers	107	113	115	121	103	117	93	111	113	115	118	111	109

Δ+5 points or more vs. previous month

-5 points or more vs. previous month

Outlook Diffusion Indices

Past 12 Month Comparisons



	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	124	119	116	111	125	109	111	116	114	118	111	127	106
Orders	117	120	113	111	106	106	110	124	123	114	114	110	116
Profit margins	102	110	98	100	114	100	98	100	100	95	100	100	106
Backlogs	109	106	102	95	106	92	102	108	109	86	118	107	94
Ease of recruiting/finding skilled talent	105	100	98	95	97	100	91	95	91	100	96	93	94
Material costs	124	119	129	124	121	125	125	126	127	114	121	127	131
Labor costs	133	131	128	134	121	125	125	126	132	114	143	133	131
Capacity utilization	126	115	113	113	106	114	109	121	118	114	114	120	116
Inventory available to you from your suppliers	113	121	116	116	117	108	114	119	114	114	107	110	116
Inventory available to your customers	124	131	113	113	112	114	114	116	127	114	125	113	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 December 12 and December 31, 2023.



Questions? Please contact:

Shawn DuBravac,
IPC Chief Economist

ShawnDuBravac@ipc.org