

The Current Sentiment of the Wire Harness and Cable Assembly Industry

Monitoring the Pulse of the Global Electronics Industry

March 2024

EXECUTIVE SUMMARY

- **Sentiment in the Wire Harness and Cable Assembly Industry increased in the last month, driven by stronger demand**
- **The Demand Index rose to the highest level in a year.**
 - The New Orders Index rose to the highest level since January 2023
- **Cost Pressures remain persistent**
 - The Materials Cost Index rose 5 points this month but was offset by a 5-point decline in the Labor Costs Index
- **Outlook for the Wire Harness and Cable Assembly Industry rose to an all-time high last month**
 - The Demand Outlook Index also hit an all-time high, driven by a strong outlook for new orders, shipments, and capacity utilization

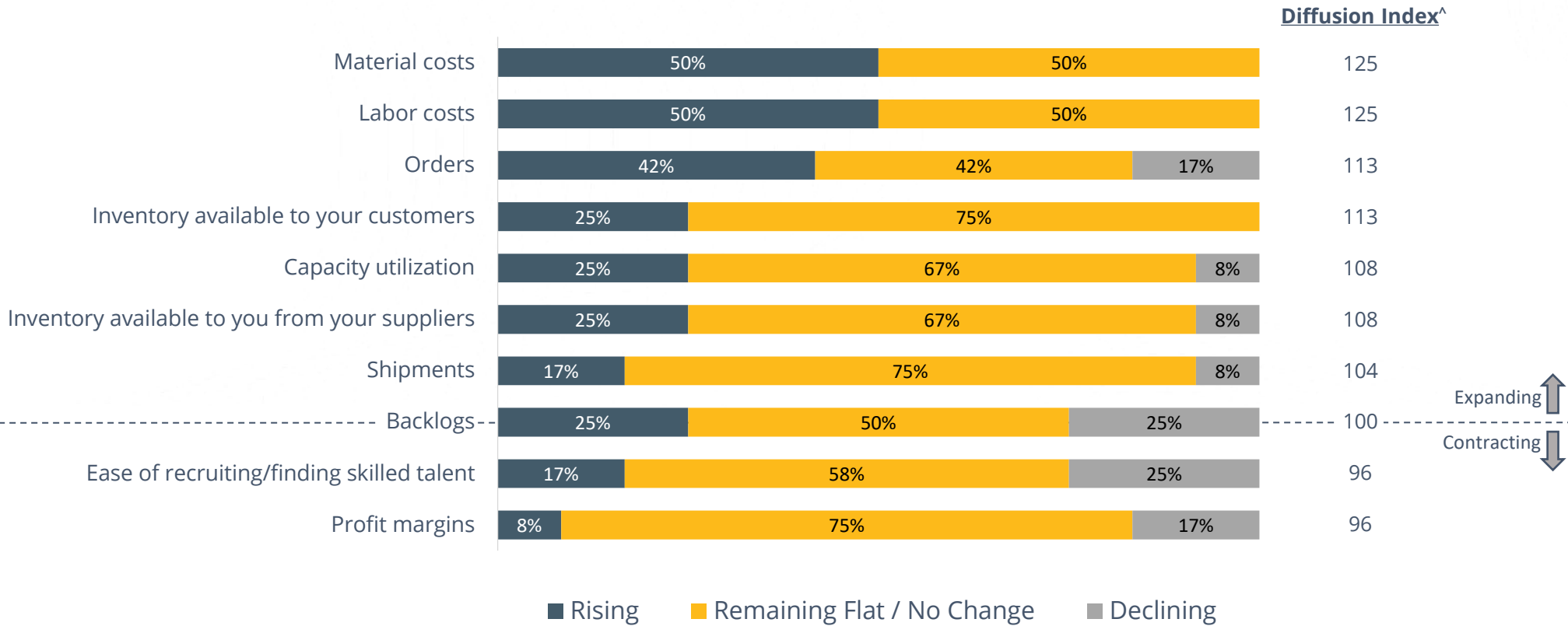
Current Supply Chain Conditions for Wire Harness and Cable Assembly Manufacturers

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

Half (50%) of Wire Harness and Cable Assembly Manufacturers are currently experiencing rising material and labor costs, with two-fifths (42%) reporting rising orders.

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



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

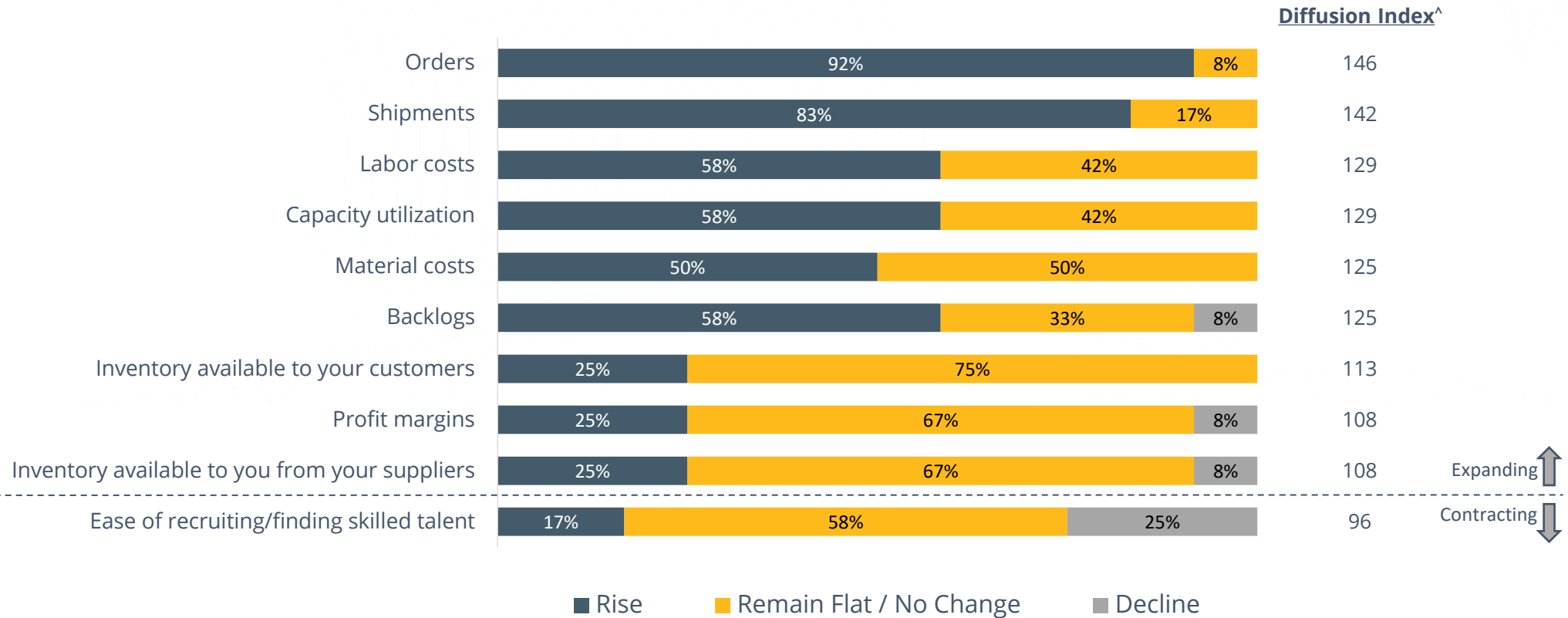
The Outlook for the Next 6 Months

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 increase slightly, while material costs are expected to remain stable.

At the same time, profit margins are expected to improve considerably, likely driven by significant expected increases in both orders and shipments.



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Shipments, Orders, Backlogs, Capacity Utilization, and Profit Margins are Expected to Rise Over the Next Six Months

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.

Appendix

Current Conditions Diffusion Indices

Past 12 Month Comparisons

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

Outlook Diffusion Indices

Past 12 Month Comparisons

	March 2023	April 2023	May 2023	June 2023	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	January 2024	February 2024	March 2024
Shipments	116	111	125	109	111	116	114	118	111	127	106	125	142
Orders	113	111	106	106	110	124	123	114	114	110	116	125	146
Profit margins	98	100	114	100	98	100	100	95	100	100	106	105	108
Backlogs	102	95	106	92	102	108	109	86	118	107	94	120	125
Ease of recruiting/finding skilled talent	98	95	97	100	91	95	91	100	96	93	94	105	96
Material costs	129	124	121	125	125	126	127	114	121	127	131	125	125
Labor costs	128	134	121	125	125	126	132	114	143	133	131	120	129
Capacity utilization	113	113	106	114	109	121	118	114	114	120	116	125	129
Inventory available to you from your suppliers	116	116	117	108	114	119	114	114	107	110	116	100	108
Inventory available to your customers	113	113	112	114	114	116	127	114	125	113	116	110	113

Methodology

- 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 February 14 and February 29, 2024.



Questions?

Please contact: Shawn DuBravac, IPC Chief Economist

ShawnDuBravac@ipc.org