Wiring Harness Manufacturer's Association

An Affiliate of IPC

The Current Sentiment of the Wire Harness and Cable Assembly Industry

Monitoring the Pulse of the Global Electronics Industry

April 2024

EXECUTIVE SUMMARY

- **Strong Wire Harness and Cable Assembly Industry Sentiment this Month**
  - Industry sentiment was strong this month, thanks in part to stronger demand and weaker cost pressures.
  - Both the Orders Index and the Shipment Index rose strongly this month.
  - The Backlog Index slipped into contractionary territory, falling 4 points.
- **Cost Pressures Continue to Slow**
  - Costs continue to rise, but cost pressures are lower for both labor and materials costs.
  - Recent price increases for certain crucial metals may lead to an increase in the Materials Costs Index in the near future.
- **Outlook Down Slightly from Last Month's High**
  - The demand outlook declined slightly, but is coming off an all-time high. Overall, the outlook remains strong.

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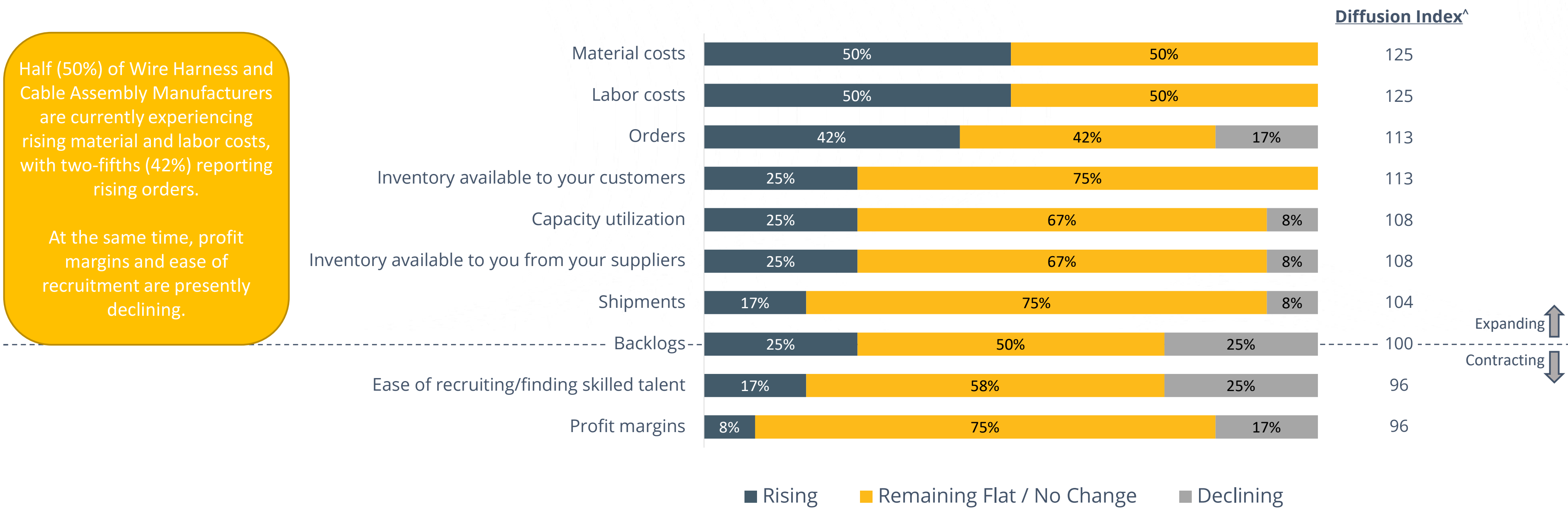
Current Supply Chain Conditions for Wire Harness and Cable Assembly Manufacturers

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

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.

Current Direction of Key Business Indicators



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

3

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Differences in Current Conditions by Industry Segment

- **Wire Harness and Cable Assembly Manufacturers indicate supplier inventory is declining more so than for Original Equipment Manufacturers and Contract Electronics Manufacturing Services.**
  - One-fifth (21%) of Wire Harness and Cable Assembly Manufacturers are currently experiencing declining supplier inventory, which compares to 0% experiencing a decline among both Original Equipment Manufacturers and Contract Electronics Manufacturing Services.

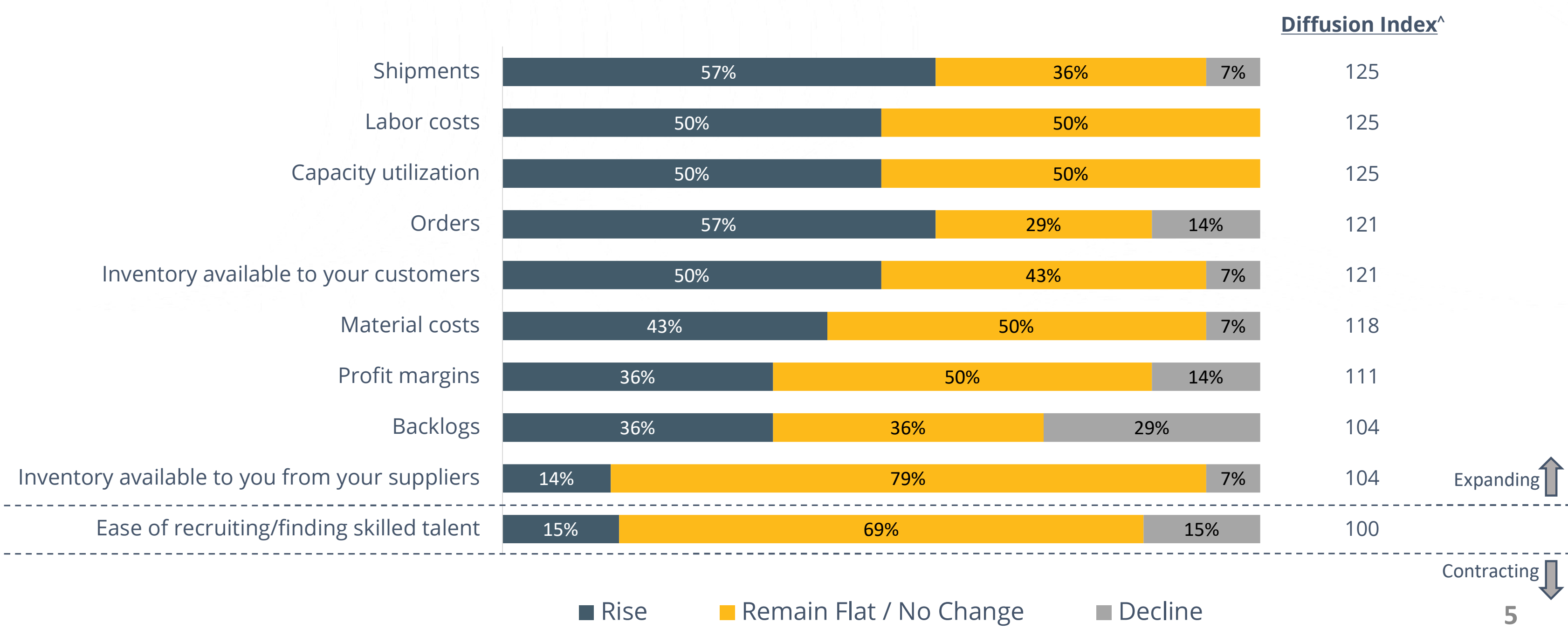
 4

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

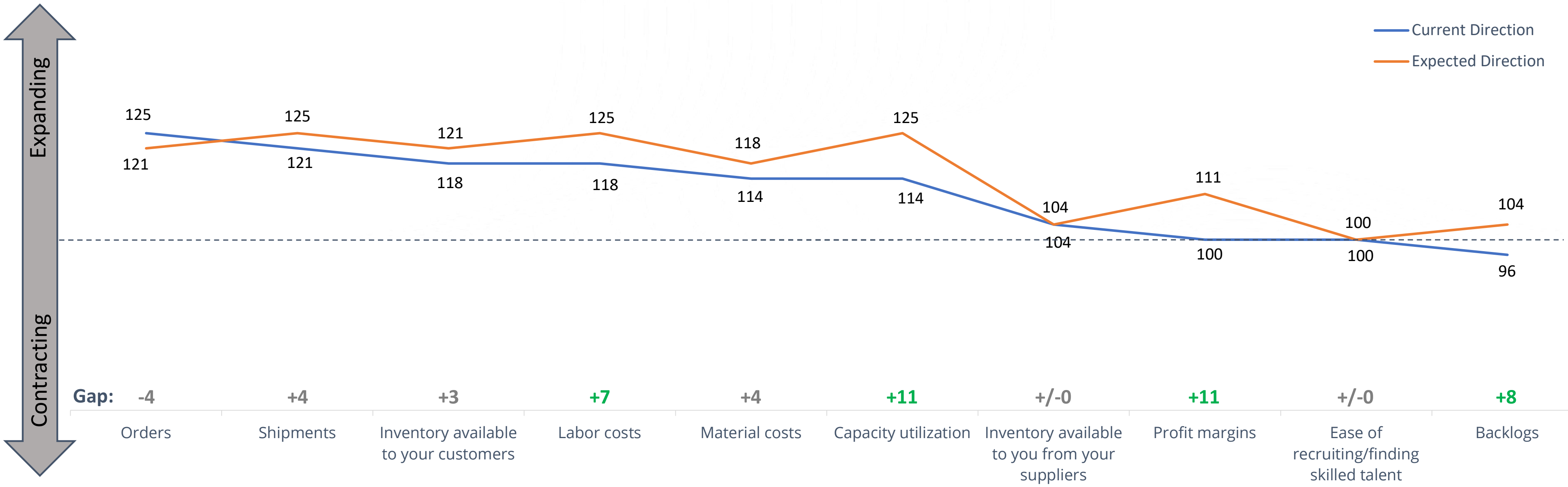
Over the next six months, Wire Harness and Cable Assembly Manufacturers expect to see significant increases in customer inventory, capacity utilization, and profit margins, while supplier inventory is expected to decline.



Capacity Utilization, Profit Margins, Backlogs, and Labor Costs 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^



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Appendix

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Current Conditions Diffusion Indices

Past 12 Month Comparisons

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

△+5 points or more vs. previous month

△-5 points or more vs. previous month

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Outlook Diffusion Indices

Past 12 Month Comparisons

	April 2023	May 2023	June 2023	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	January 2024	February 2024	March 2024	April 2024
Shipments	111	125	109	111	116	114	118	111	127	106	125	142	125
Orders	111	106	106	110	124	123	114	114	110	116	125	146	121
Profit margins	100	114	100	98	100	100	95	100	100	106	105	108	111
Backlogs	95	106	92	102	108	109	86	118	107	94	120	125	104
Ease of recruiting/finding skilled talent	95	97	100	91	95	91	100	96	93	94	105	96	100
Material costs	124	121	125	125	126	127	114	121	127	131	125	125	118
Labor costs	134	121	125	125	126	132	114	143	133	131	120	129	125
Capacity utilization	113	106	114	109	121	118	114	114	120	116	125	129	125
Inventory available to you from your suppliers	116	117	108	114	119	114	114	107	110	116	100	108	104
Inventory available to your customers	113	112	114	114	116	127	114	125	113	116	110	113	121

△+5 points or more vs. previous month

△-5 points or more vs. previous month

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.

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Questions?

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