WHMA
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***

June 2024

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# EXECUTIVE SUMMARY

- **Wire Harness  and Cable Assembly Industry Sentiment Fell in June, Driven by Weaker Demand**
  - Despite the decline, Industry sentiment remains above average
- **Industry demand fell to its lowest level since February 2024**
  - Demand fundamentals weakened for the second consecutive month.
  - Three of the four components of demand slipped this month, but all remained in positive territory.
- **Cost pressures were mixed this month**
  - The Labor Costs Index fell 5 points but the Material Costs Index increased 7 points.
- **Industry outlook declined in June, dropping to the lowest level in over a year**
  - Demand outlook slipped to a record low, while the outlook for costs rose from a low last month
- **This month's special question asked how concerned executives were that Chinese manufacturers may oversupply inputs and components, including PCB boards, at artificially low prices over the next year to stimulate its economy.**

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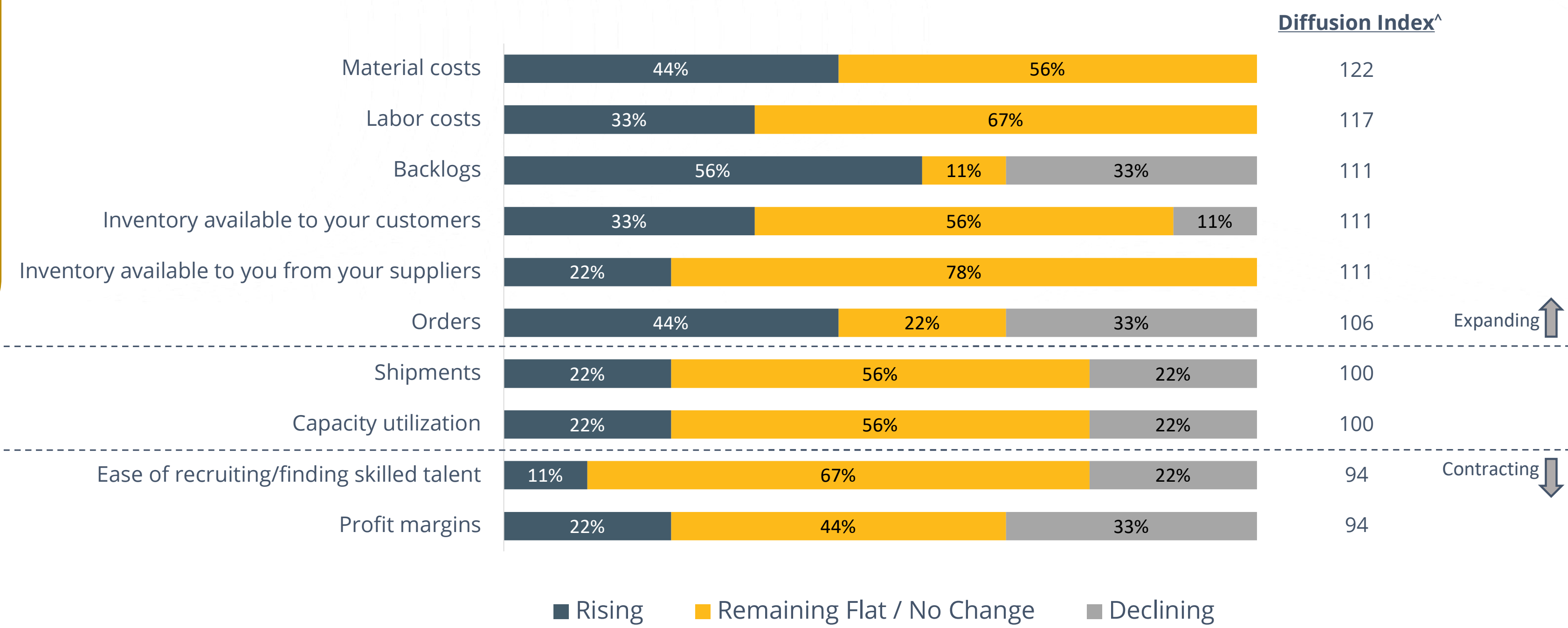
# Current Supply Chain Conditions for Wire Harness and Cable Assembly Manufacturers

More than half (56%) of Wire Harness and Cable Assembly Manufacturers are currently experiencing rising backlogs, with more than two-fifths experiencing rising orders (44%) and material costs (44%).

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

## Current Direction of Key Business Indicators



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# Differences in Current Conditions by Industry Segment

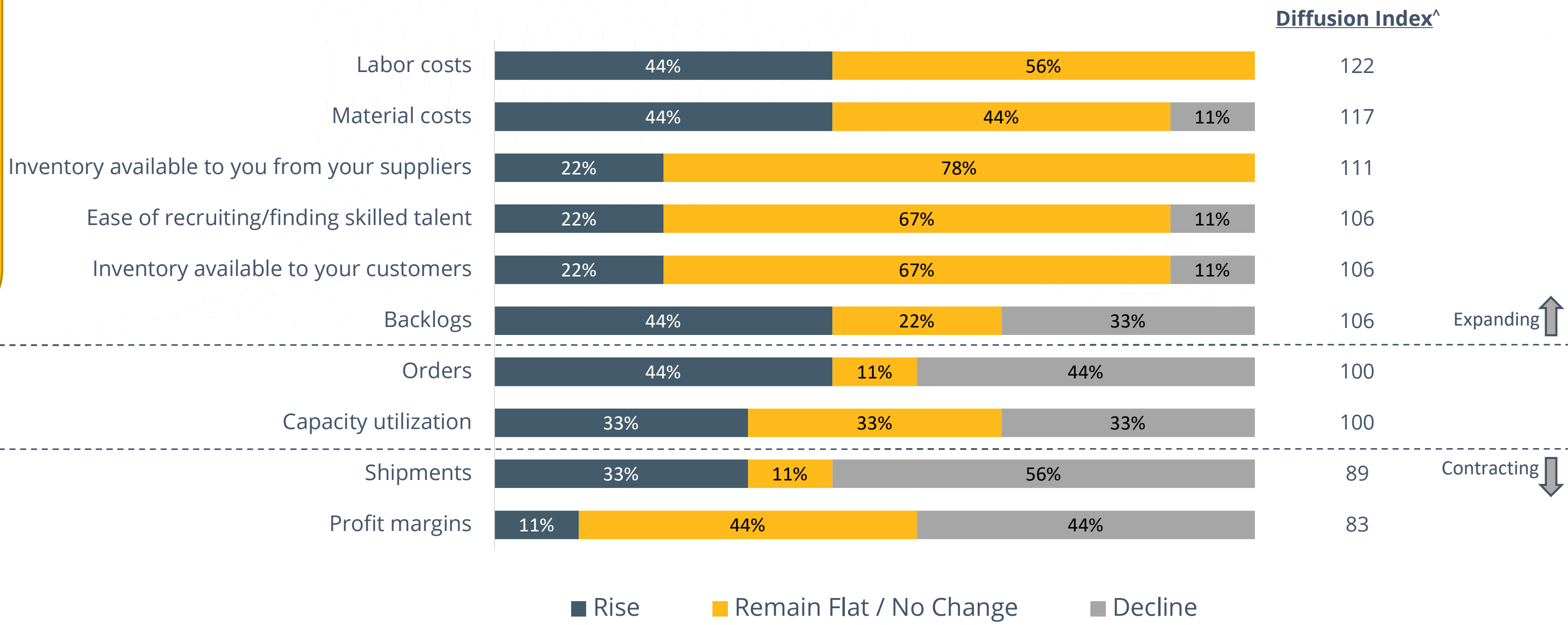
- **Backlogs are rising more so among Wire Harness and Cable Assembly Manufacturers than among Original Equipment Manufacturers and Equipment Suppliers.**
  - More than half (56%) of Wire Harness and Cable Assembly Manufacturers indicate backlogs are currently rising, which compares to a significantly lower 9% among Original Equipment Manufacturers and 0% among Equipment Suppliers.

# The Outlook for the Next 6 Months

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

Notably, ease of recruitment is expected to improve, while profit margins and declining shipments are expected to be challenging.

## Anticipated Direction of Key Business Indicators – Next Six Months



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# Differences in the Outlook by Industry Segment

- **Shipments are expected to decline more so among Wire Harness and Cable Assembly Manufacturers than among Original Equipment Manufacturers, Contract Electronics Manufacturing Services, PCB Board Fabricators/Suppliers, and Materials Suppliers.**
  - More than half (56%) of Wire Harness and Cable Assembly Manufacturers anticipate shipments to decline over the next six months vs. significantly lower rates among Original Equipment Manufacturers (13%), Contract Electronics Manufacturing Services (12%), PCB Board Fabricators/Suppliers (8%), and Materials Suppliers (0%).

# Ease of Recruitment and Labor Costs are Expected to Rise Over the Next Six Months, While Profit Margins, Shipments, Orders, Customer Inventory, Backlogs, and Material Costs are Expected to Decline

All other key business indicators are expected to remain stable.

## Direction of Key Business Indicators – Diffusion Index^

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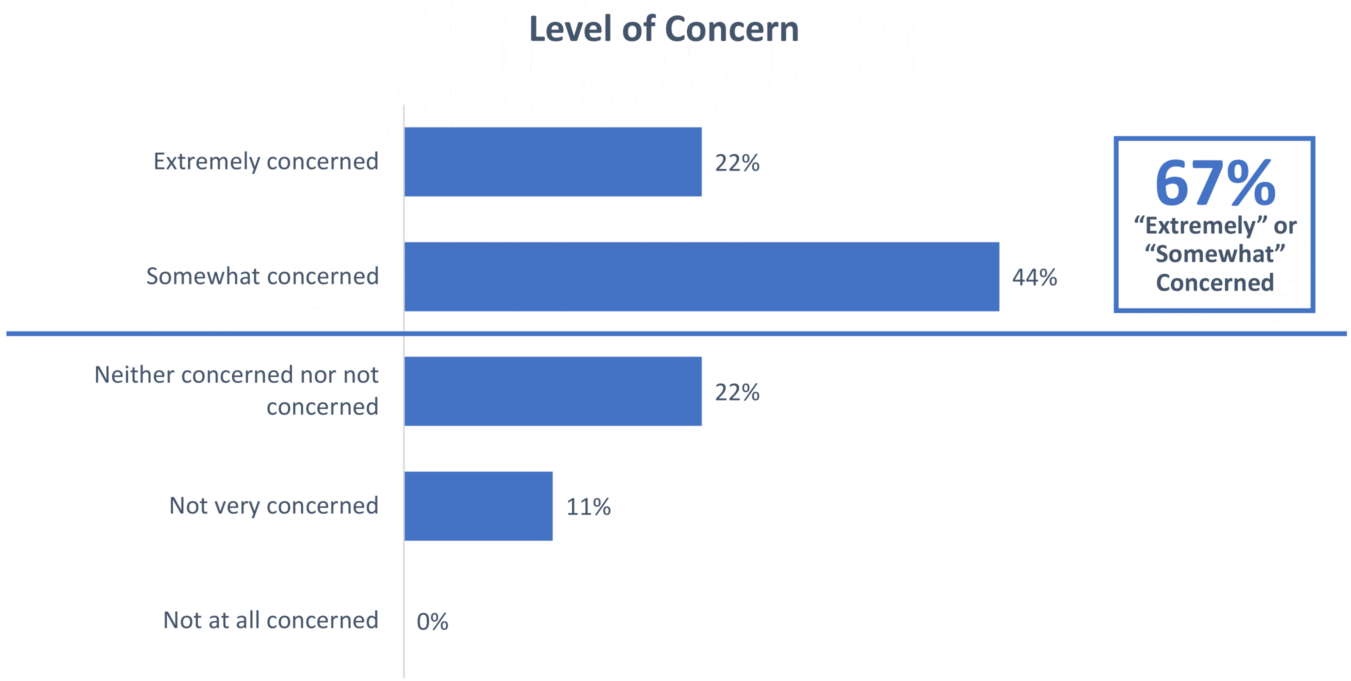
# June 2024 Special Questions

# Wire Harness and Cable Assembly Manufacturers are Concerned About the Potential for Chinese Manufacturers to Oversupply Inputs and Components at Artificially Low Prices

Two-thirds (67%) of Wire Harness and Cable Assembly Manufacturers say they are either “somewhat” or “extremely” concerned that Chinese manufacturers may oversupply inputs and components at artificially low prices over the next year to stimulate its economy, with no significant differences between Wire Harness and Cable Assembly Manufacturers and all other industry segments.



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# Appendix

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# Current Conditions Diffusion Indices

*Past 12 Month Comparisons*

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

△+5 points or more vs. previous month

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# Outlook Diffusion Indices

***Past 12 Month Comparisons***

| | June 2023 | July 2023 | August 2023 | September 2023 | October 2023 | November 2023 | December 2023 | January 2024 | February 2024 | March 2024 | April 2024 | May 2024 | June 2024 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Shipments | 109 | 111 | 116 | 114 | 118 | 111 | 127 | 106 | 125 | 142 | 125 | 125 | 89 |
| Orders | 106 | 110 | 124 | 123 | 114 | 114 | 110 | 116 | 125 | 146 | 121 | 120 | 100 |
| Profit margins | 100 | 98 | 100 | 100 | 95 | 100 | 100 | 106 | 105 | 108 | 111 | 95 | 83 |
| Backlogs | 92 | 102 | 108 | 109 | 86 | 118 | 107 | 94 | 120 | 125 | 104 | 105 | 106 |
| Ease of recruiting/finding skilled talent | 100 | 91 | 95 | 91 | 100 | 96 | 93 | 94 | 105 | 96 | 100 | 100 | 106 |
| Material costs | 125 | 125 | 126 | 127 | 114 | 121 | 127 | 131 | 125 | 125 | 118 | 105 | 117 |
| Labor costs | 125 | 125 | 126 | 132 | 114 | 143 | 133 | 131 | 120 | 129 | 125 | 105 | 122 |
| Capacity utilization | 114 | 109 | 121 | 118 | 114 | 114 | 120 | 116 | 125 | 129 | 125 | 120 | 100 |
| Inventory available to you from your suppliers | 108 | 114 | 119 | 114 | 114 | 107 | 110 | 116 | 100 | 108 | 104 | 110 | 111 |
| Inventory available to your customers | 114 | 114 | 116 | 127 | 114 | 125 | 113 | 116 | 110 | 113 | 121 | 110 | 106 |



△+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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