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

August 2024

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EXECUTIVE SUMMARY

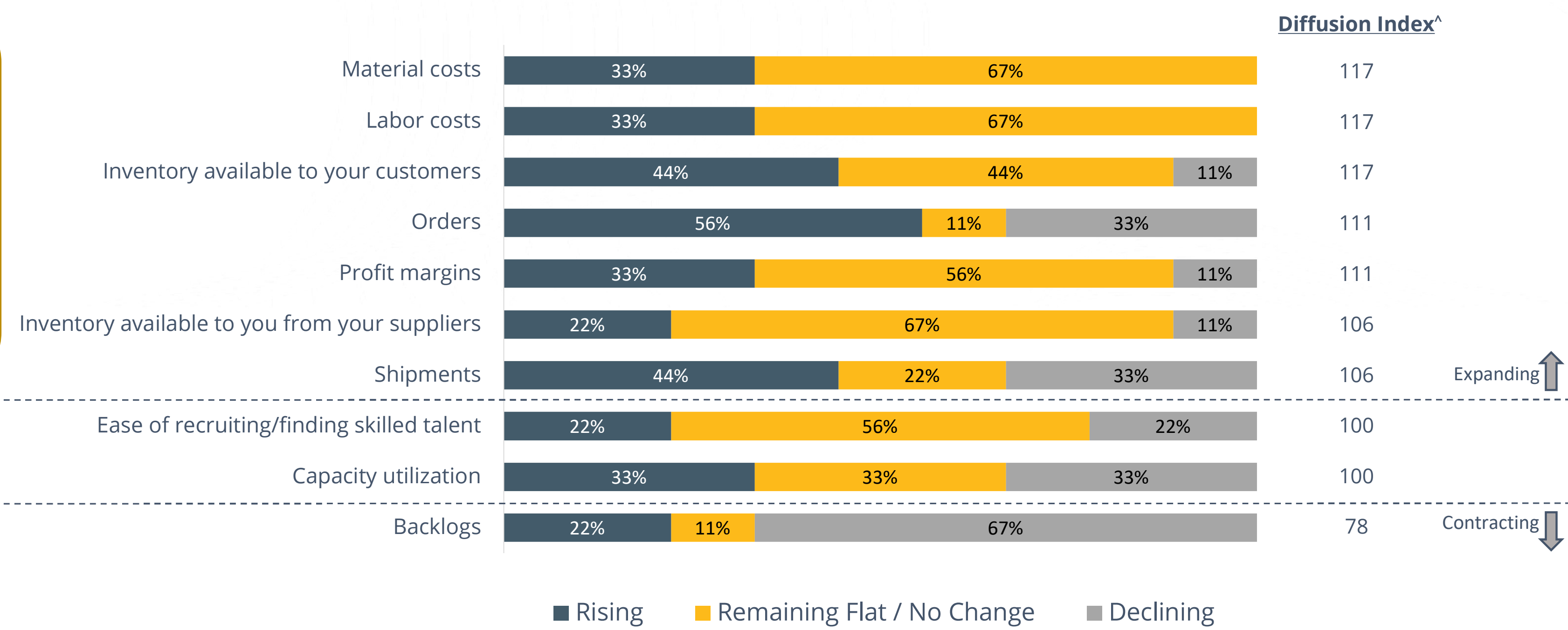
- **Wire Harness and Cable Assembly Industry Sentiment Slipped in August Due to Weaker Demand**
  - Industry demand dropped into contractionary territory for the first time since January 2024.
  - Demand fundamentals weakened notably in August, with all four components of demand declining. The drop was primarily driven by a significant fall in the Backlog Index, which reached its lowest level since October 2023, dipping into contractionary territory.
- **Cost pressures Were Mixed in August**
  - The Labor Costs Index rose by 1 point, while the Material Costs Index increased by 7 points.
- **Industry outlook Declined in August**
  - Demand outlook slipped to a neutral
- **Geopolitical Risks and Trade Concerns**
  - This month's special question asked executives about their concerns regarding geopolitical risks and the impact of tariffs and trade policies. More than two-fifths (44%) of Wire Harness and Cable Assembly manufacturers are “Very” or “Extremely” concerned about geopolitical risks affecting their business, with one-third (33%) expressing concern about the impact of tariffs and trade policies.

Current Supply Chain Conditions for Wire Harness and Cable Assembly Manufacturers

Nearly three-fifths (56%) of Wire Harness and Cable Assembly Manufacturers are currently experiencing rising orders, with more than two-fifths reporting rising customer inventory (44%) and shipments (44%).

At the same time, backlogs are presently declining.

Current Direction of Key Business Indicators



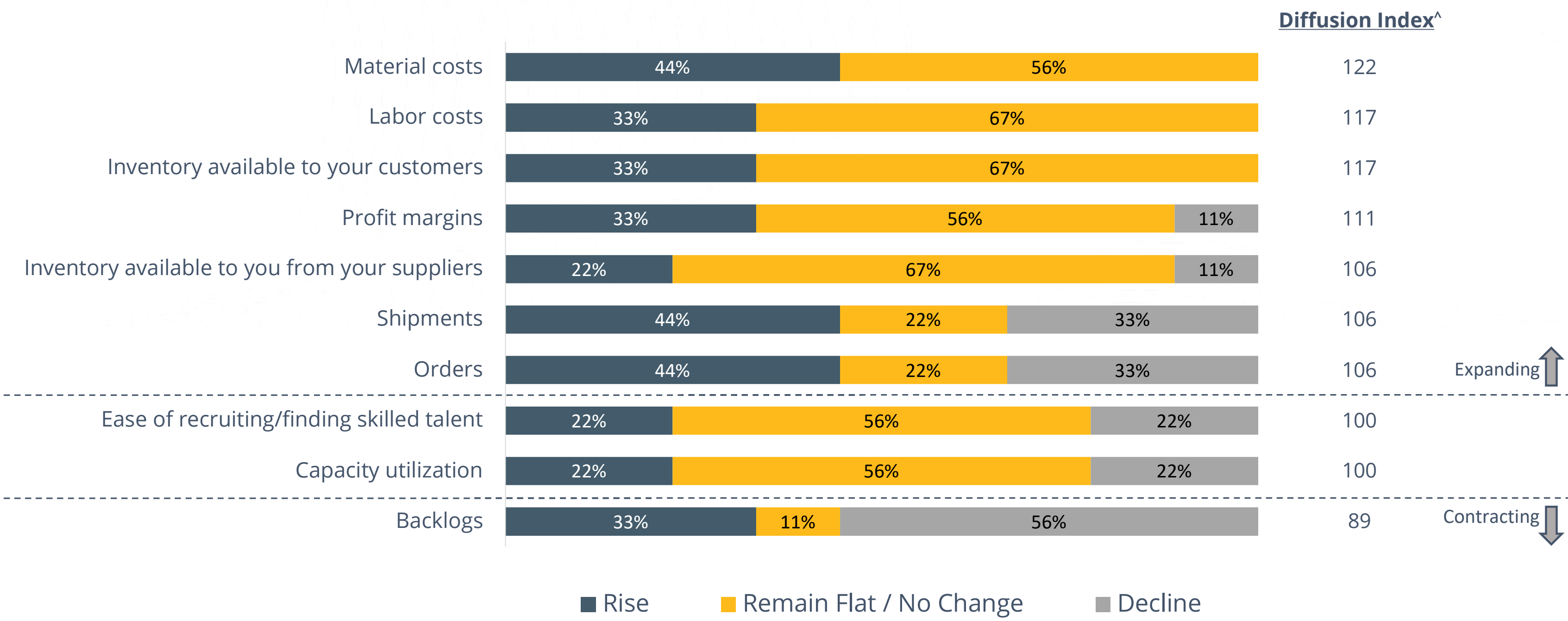
The Outlook for the Next 6 Months

Notably, 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

Wire Harness and Cable Assembly Manufacturers are expecting no change to shipments over the next six months.

At the same time, they anticipate a decline in orders, with material costs and backlogs expected to rise.



Differences in Current Conditions by Industry Segment

- **Backlogs are declining more so among Wire Harness and Cable Assembly Manufacturers, Contract Electronics Manufacturing Services, and Equipment Suppliers when compared to Materials Suppliers.**
    - Two-thirds (67%) of Wire Harness and Cable Assembly Manufacturers, along with 48% of Contract Electronics Manufacturing Services and 44% of Equipment Suppliers, are experiencing a decline in backlogs vs. 0% reporting the same among Materials Suppliers, who instead are more likely to indicate backlogs are holding steady at the present time (92%).

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Backlogs and Material Costs are Expected to Rise Over the Next Six Months, While Orders are Expected to Decline

All other key business indicators are expected to remain stable.

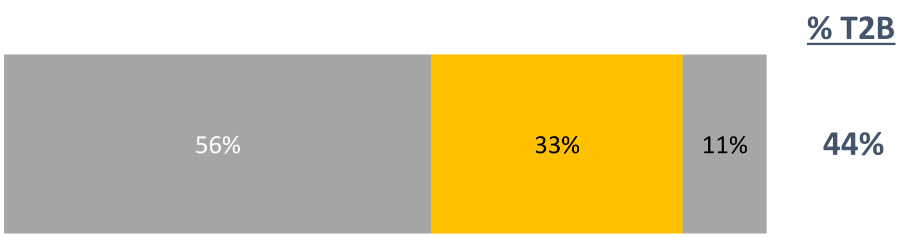
Direction of Key Business Indicators – Diffusion Index^

August 2024 Special Questions

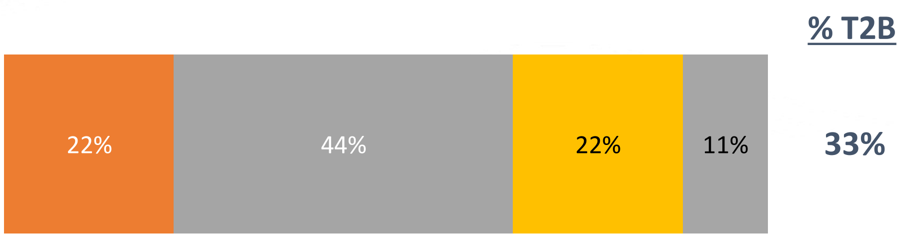
More Than Two-Fifths (44%) of Wire Harness and Cable Assembly Manufacturers are "Very" or "Extremely" Concerned About Geopolitical Risks Affecting Their Business, with One-Third (33%) Concerned About the Impact of Tariffs and Trade Policies

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

Level of Concern About Geopolitical Risks Affecting Business in Next 6 Months



Level of Concern About the Impact of Trade Policies and Tariffs on Business Operations Over the Next Year



■ Not concerned at all ■ Slightly concerned ■ Moderately concerned ■ Very concerned ■ Extremely concerned

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Appendix

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Current Conditions Diffusion Indices

Past 12 Month Comparisons

	August 2023	September 2023	October 2023	November 2023	December 2023	January 2024	February 2024	March 2024	April 2024	May 2024	June 2024	July 2024	August 2024
Shipments	103	92	95	104	97	100	95	104	121	110	100	116	106
Orders	105	96	100	104	83	97	110	113	125	120	106	120	111
Profit margins	108	96	100	82	100	97	105	96	100	105	94	106	111
Backlogs	92	83	77	100	87	81	90	100	96	110	111	109	78
Ease of recruiting/finding skilled talent	89	96	110	89	93	91	105	96	100	100	94	103	100
Material costs	129	129	114	118	123	122	120	125	114	115	122	122	117
Labor costs	132	121	114	129	123	131	130	125	118	125	117	119	117
Capacity utilization	111	108	100	111	107	106	105	108	114	120	100	103	100
Inventory available to you from your suppliers	116	112	114	121	113	116	115	108	104	100	111	103	106
Inventory available to your customers	111	113	115	118	111	109	115	113	118	120	111	116	117

△+5 points or more vs. previous month

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Outlook Diffusion Indices

Past 12 Month Comparisons

	August 2023	September 2023	October 2023	November 2023	December 2023	January 2024	February 2024	March 2024	April 2024	May 2024	June 2024	July 2024	August 2024
Shipments	116	114	118	111	127	106	125	142	125	125	89	122	106
Orders	124	123	114	114	110	116	125	146	121	120	100	128	106
Profit margins	100	100	95	100	100	106	105	108	111	95	83	106	111
Backlogs	108	109	86	118	107	94	120	125	104	105	106	116	89
Ease of recruiting/finding skilled talent	95	91	100	96	93	94	105	96	100	100	106	103	100
Material costs	126	127	114	121	127	131	125	125	118	105	117	116	122
Labor costs	126	132	114	143	133	131	120	129	125	105	122	122	117
Capacity utilization	121	118	114	114	120	116	125	129	125	120	100	119	100
Inventory available to you from your suppliers	119	114	114	107	110	116	100	108	104	110	111	109	106
Inventory available to your customers	116	127	114	125	113	116	110	113	121	110	106	113	117

△+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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