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

July 2024

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EXECUTIVE SUMMARY

- **Wire Harness and Cable Assembly Industry Sentiment Improved in July, Driven by a Recovery in Demand**
- **Industry Demand Rebounded Strongly**
  - Positive movement across most demand components, Three of the four key components of industry demand showed growth this month, indicating a broad-based recovery. The only exception was the Backlog Index, which experienced a decline, suggesting that while new orders increased, backlog levels were being worked down.
- **Slight Increase in Cost Pressures**
  - Labor costs rose during the month. The Labor Costs Index saw a modest increase of 2 points, reflecting upward pressure on wages and other labor-related expenses.
  - Stable material costs. Despite rising labor costs, the Material Costs Index remained unchanged, indicating that raw material prices have stabilized for now.
- **Industry Outlook Strengthened Noticeably in July**
  - The outlook for demand grew notably stronger, supported by a more optimistic forecast for both orders and shipments in the coming months.

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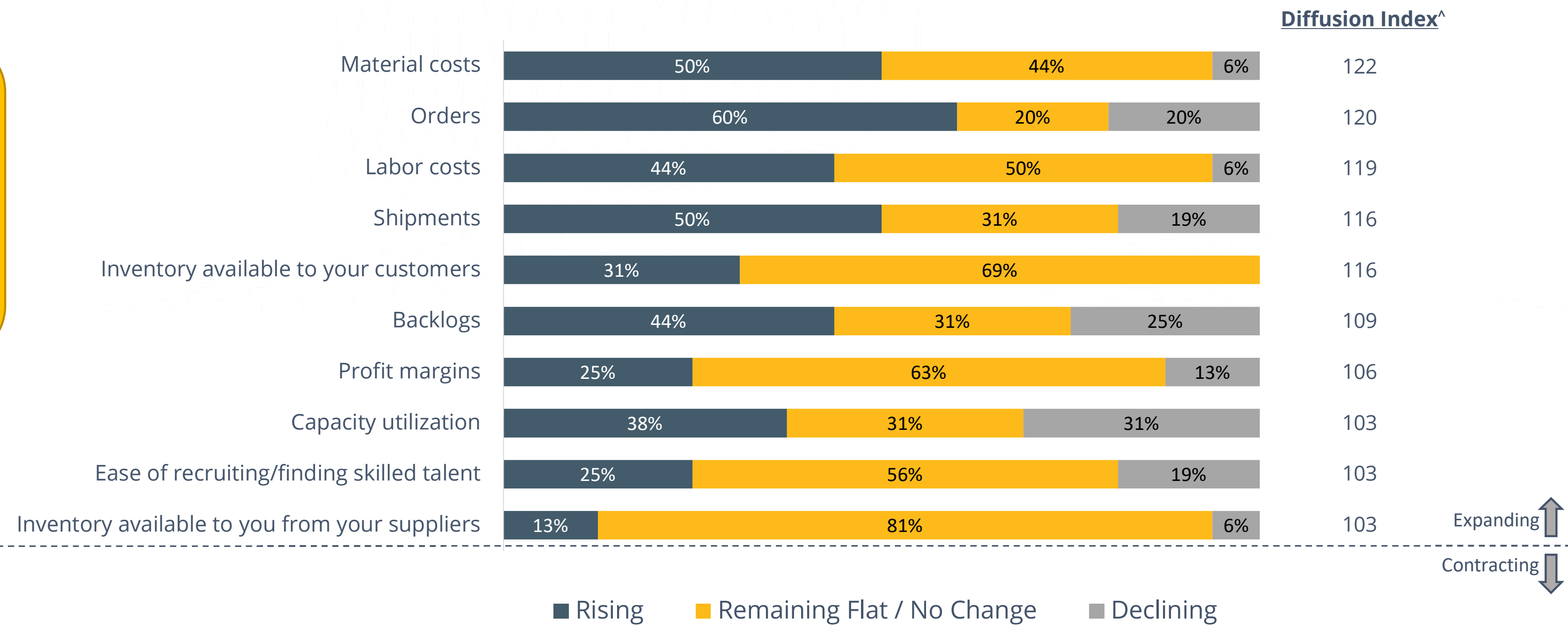
Current Supply Chain Conditions for Wire Harness and Cable Assembly Manufacturers

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

Three-fifths (60%) of Wire Harness and Cable Assembly Manufacturers are currently experiencing rising orders, with half reporting rising shipments (50%) and material costs (50%).



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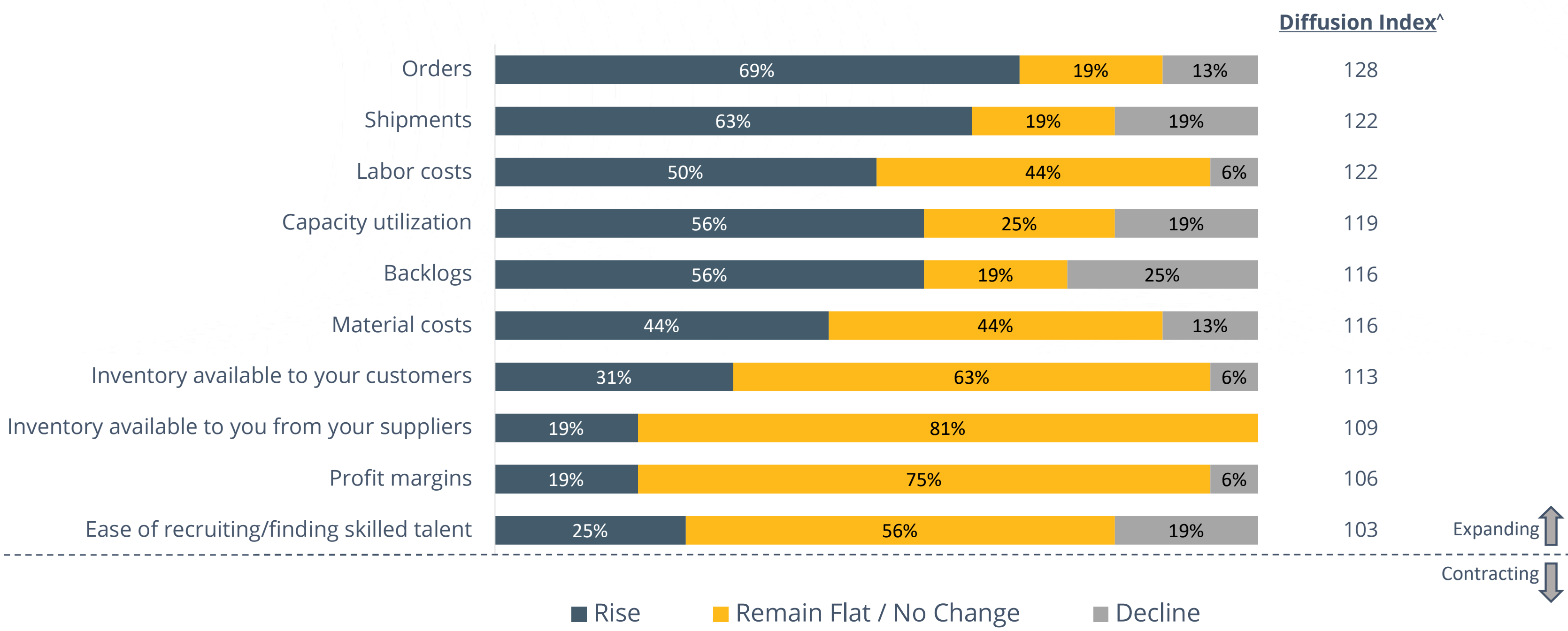
The Outlook for the Next 6 Months

Over the next six months, Wire Harness and Cable Assembly Manufacturers expect shipments to continue rising, along with considerable increases in capacity utilization and backlogs.

Anticipated Direction of Key Business Indicators – Next Six Months



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

Differences in the Outlook by Industry Segment

- **Backlogs are expected to rise more so among Wire Harness and Cable Assembly Manufacturers than among Original Equipment Manufacturers, Contract Electronics Manufacturing Services, Materials Suppliers, and Equipment Suppliers.**
  - Nearly three-fifths (56%) of Wire Harness and Cable Assembly Manufacturers anticipate backlogs to rise over the next six months vs. significantly lower percentages among Original Equipment Manufacturers (4%), Contract Electronics Manufacturing Services (17%), Materials Suppliers (14%), and Equipment Suppliers (9%), all of which are more likely expecting backlogs to remain stable.

Capacity Utilization, Orders, Backlogs, Shipments, and Supplier Inventories are Expected to Rise Over the Next Six Months, While Material Costs are Expected to Decline

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

	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	January 2024	February 2024	March 2024	April 2024	May 2024	June 2024	July 2024
Shipments	98	103	92	95	104	97	100	95	104	121	110	100	116
Orders	93	105	96	100	104	83	97	110	113	125	120	106	120
Profit margins	89	108	96	100	82	100	97	105	96	100	105	94	106
Backlogs	100	92	83	77	100	87	81	90	100	96	110	111	109
Ease of recruiting/finding skilled talent	89	89	96	110	89	93	91	105	96	100	100	94	103
Material costs	132	129	129	114	118	123	122	120	125	114	115	122	122
Labor costs	130	132	121	114	129	123	131	130	125	118	125	117	119
Capacity utilization	100	111	108	100	111	107	106	105	108	114	120	100	103
Inventory available to you from your suppliers	105	116	112	114	121	113	116	115	108	104	100	111	103
Inventory available to your customers	93	111	113	115	118	111	109	115	113	118	120	111	116

△+5 points or more vs. previous month

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Outlook Diffusion Indices

Past 12 Month Comparisons

	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	January 2024	February 2024	March 2024	April 2024	May 2024	June 2024	July 2024
Shipments	111	116	114	118	111	127	106	125	142	125	125	89	122
Orders	110	124	123	114	114	110	116	125	146	121	120	100	128
Profit margins	98	100	100	95	100	100	106	105	108	111	95	83	106
Backlogs	102	108	109	86	118	107	94	120	125	104	105	106	116
Ease of recruiting/finding skilled talent	91	95	91	100	96	93	94	105	96	100	100	106	103
Material costs	125	126	127	114	121	127	131	125	125	118	105	117	116
Labor costs	125	126	132	114	143	133	131	120	129	125	105	122	122
Capacity utilization	109	121	118	114	114	120	116	125	129	125	120	100	119
Inventory available to you from your suppliers	114	119	114	114	107	110	116	100	108	104	110	111	109
Inventory available to your customers	114	116	127	114	125	113	116	110	113	121	110	106	113

△+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.

Questions?

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