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

October 2024

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EXECUTIVE SUMMARY

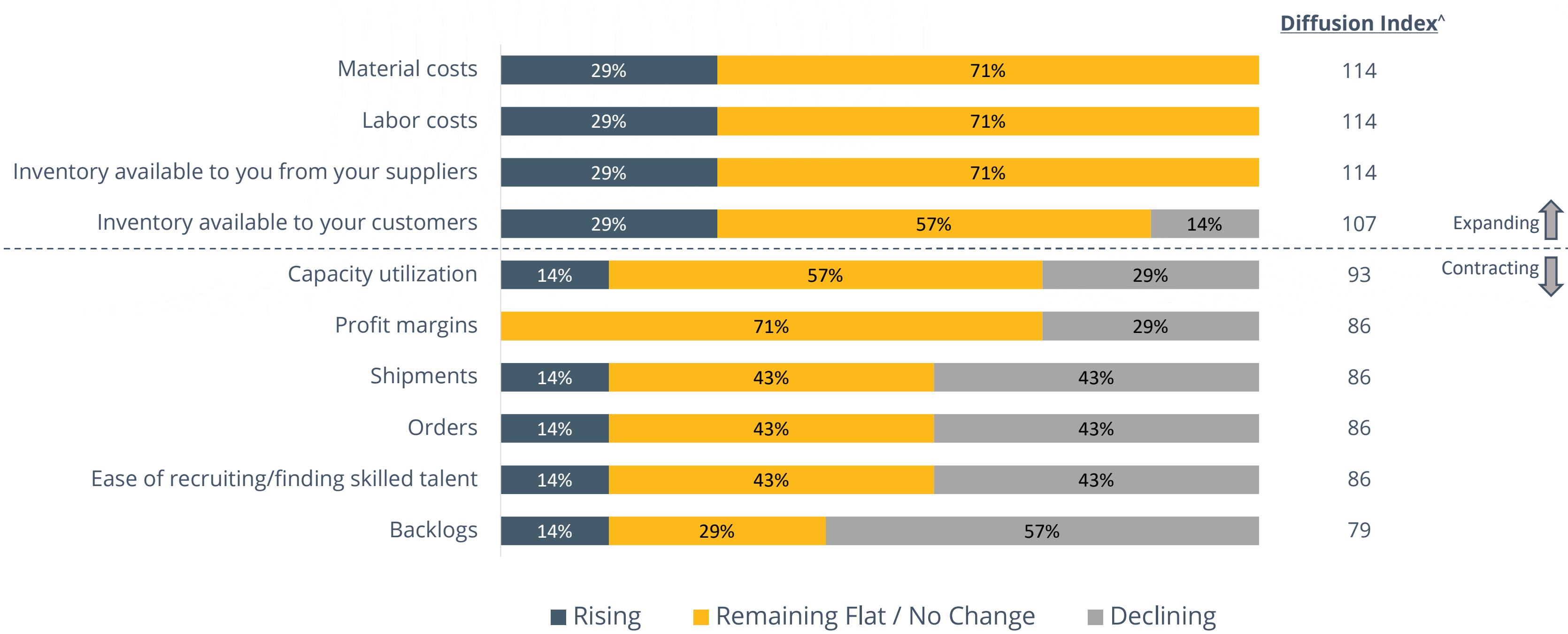
- **Wire Harness and Cable Assembly Industry Sentiment Declined to Record Low in October**
- **Industry Demand Falls Sharply**
  - Industry demand hit a record low in October, with all four demand components in contractionary territory. Both the Capacity Utilization Index and the Shipments Index are at record lows. Although the New Orders Index improved slightly in October, it remains in contractionary territory.
- **Cost Pressures Moderate but Persist**
  - The majority of firms continue to report rising labor and material costs. However, indexes have declined in recent months, suggesting fewer firms are experiencing rising costs. The Labor Costs Index dropped to an all-time low in October, while the Material Costs Index rose marginally from its all-time low last month.
- **Industry Outlook Strengthens in October**
  - Despite declines in real-time metrics, the industry outlook for wire harness and cable assembly improved in October. The demand outlook shifted into expansionary territory, driven by an improved outlook for shipments. The only negative factor in the demand outlook was a continued negative outlook for new orders.

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 in ten (29%) Wire Harness and Cable Assembly Manufacturers are currently experiencing rising material costs, labor costs, supplier inventory, and customer inventory. All other key business indicators are presently declining.



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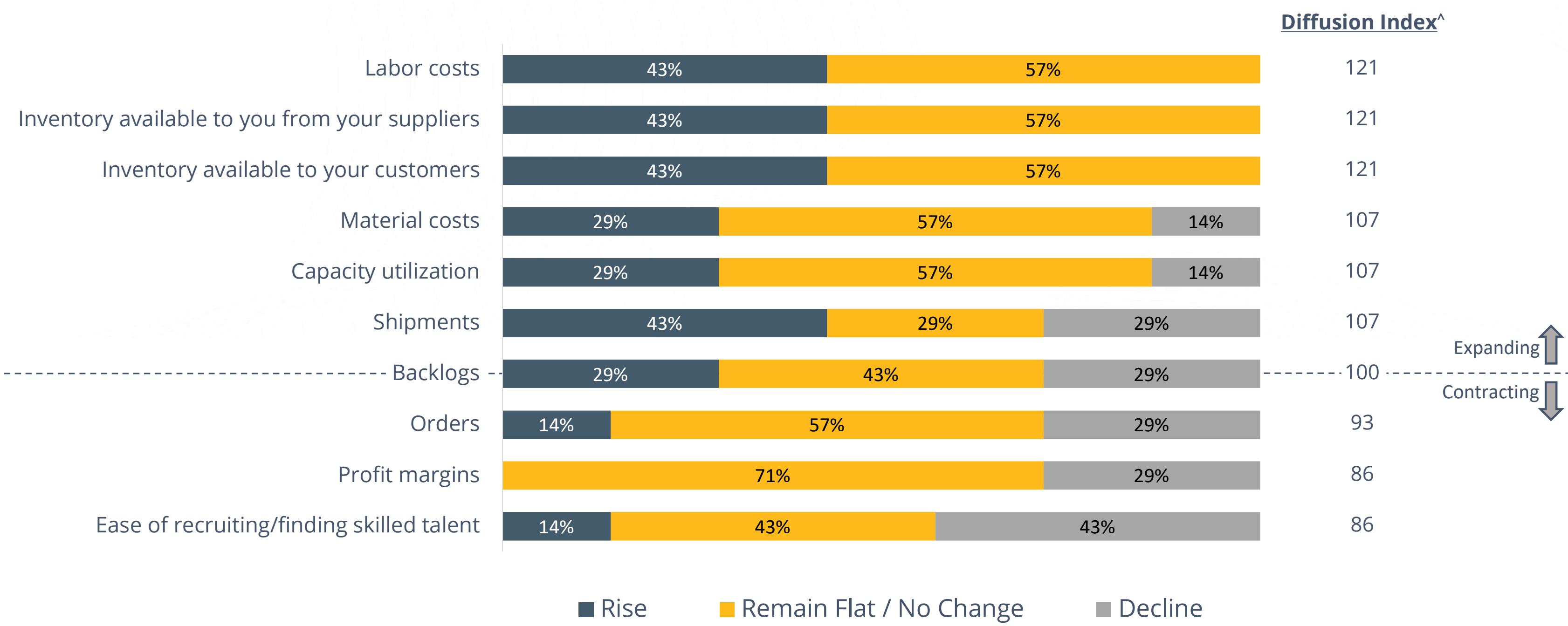
The Outlook for the Next 6 Months

Wire Harness and Cable Assembly Manufacturers expect backlogs and shipments to rise considerably over the next six months.

At the same time, ease of recruitment, profit margins, and orders are expected to remain challenging.

Anticipated Direction of Key Business Indicators – Next Six Months



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

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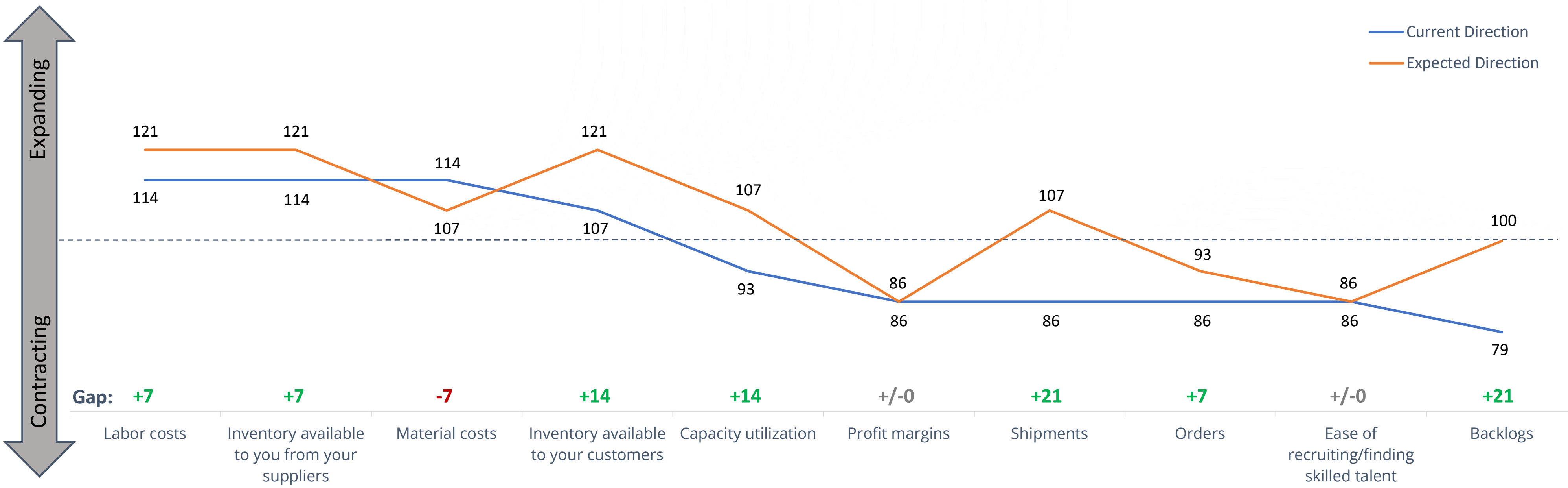
Differences in the Outlook by Industry Segment

- **Wire Harness and Cable Assembly manufacturers expect backlogs to rise more so over the next six months when compared to Original Equipment Manufacturers.**
  - Three in ten (29%) Wire Harness and Cable Assembly manufacturers anticipate backlogs will rise over the next six months, which compares to 0% among Original Equipment Manufacturers.

Backlogs, Shipments, Capacity Utilization, Customer Inventory, Supplier Inventory, Labor Costs, and Orders 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 stable.

Direction of Key Business Indicators – Diffusion Index^



Appendix

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Current Conditions Diffusion Indices

Past 12 Month Comparisons

	October 2023	November 2023	December 2023	January 2024	February 2024	March 2024	April 2024	May 2024	June 2024	July 2024	August 2024	September 2024	October 2024
Shipments	95	104	97	100	95	104	121	110	100	116	106	88	86
Orders	100	104	83	97	110	113	125	120	106	120	111	81	86
Profit margins	100	82	100	97	105	96	100	105	94	106	111	94	86
Backlogs	77	100	87	81	90	100	96	110	111	109	78	106	79
Ease of recruiting/finding skilled talent	110	89	93	91	105	96	100	100	94	103	100	106	86
Material costs	114	118	123	122	120	125	114	115	122	122	117	113	114
Labor costs	114	129	123	131	130	125	118	125	117	119	117	119	114
Capacity utilization	100	111	107	106	105	108	114	120	100	103	100	106	93
Inventory available to you from your suppliers	114	121	113	116	115	108	104	100	111	103	106	94	114
Inventory available to your customers	115	118	111	109	115	113	118	120	111	116	117	119	107

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Outlook Diffusion Indices

Past 12 Month Comparisons

	October 2023	November 2023	December 2023	January 2024	February 2024	March 2024	April 2024	May 2024	June 2024	July 2024	August 2024	September 2024	October 2024
Shipments	118	111	127	106	125	142	125	125	89	122	106	94	107
Orders	114	114	110	116	125	146	121	120	100	128	106	94	93
Profit margins	95	100	100	106	105	108	111	95	83	106	111	88	86
Backlogs	86	118	107	94	120	125	104	105	106	116	89	106	100
Ease of recruiting/finding skilled talent	100	96	93	94	105	96	100	100	106	103	100	100	86
Material costs	114	121	127	131	125	125	118	105	117	116	122	106	107
Labor costs	114	143	133	131	120	129	125	105	122	122	117	114	121
Capacity utilization	114	114	120	116	125	129	125	120	100	119	100	106	107
Inventory available to you from your suppliers	114	107	110	116	100	108	104	110	111	109	106	94	121
Inventory available to your customers	114	125	113	116	110	113	121	110	106	113	117	119	121

△+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 September 16 and September 30, 2024.

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Questions?

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