

The Current Sentiment of the Wire Harness and Cable Assembly Industry

Monitoring the Pulse of the Global Electronics Industry

November 2024

EXECUTIVE SUMMARY

- **Wire Harness and Cable Assembly Industry Sentiment Rebounds from Record Low**
- **Industry Demand Recovers in November**
 - Three out of four demand components exited contractionary territory, pushing overall demand back into expansionary territory for the first time since July 2024. However, the Backlog Index remained in contractionary territory this month..
- **Cost Pressures Reemerge**
 - The majority of firms continue to report rising labor and material costs, both of which surged in the last month after reaching lows in October. The outlook for labor and material costs also increased in November, indicating that manufacturers' expectations for declining costs have diminished.
- **AI Skills and Training**
 - Fifty-six percent of manufacturers agree that a basic understanding of AI will be essential for their workforce in the future. However, the sector faces a significant skills gap, with less than 1% of employees having received AI training. Notably, 78% of manufacturers report no training initiatives, highlighting a potential need to address this gap to remain competitive in a rapidly changing landscape.

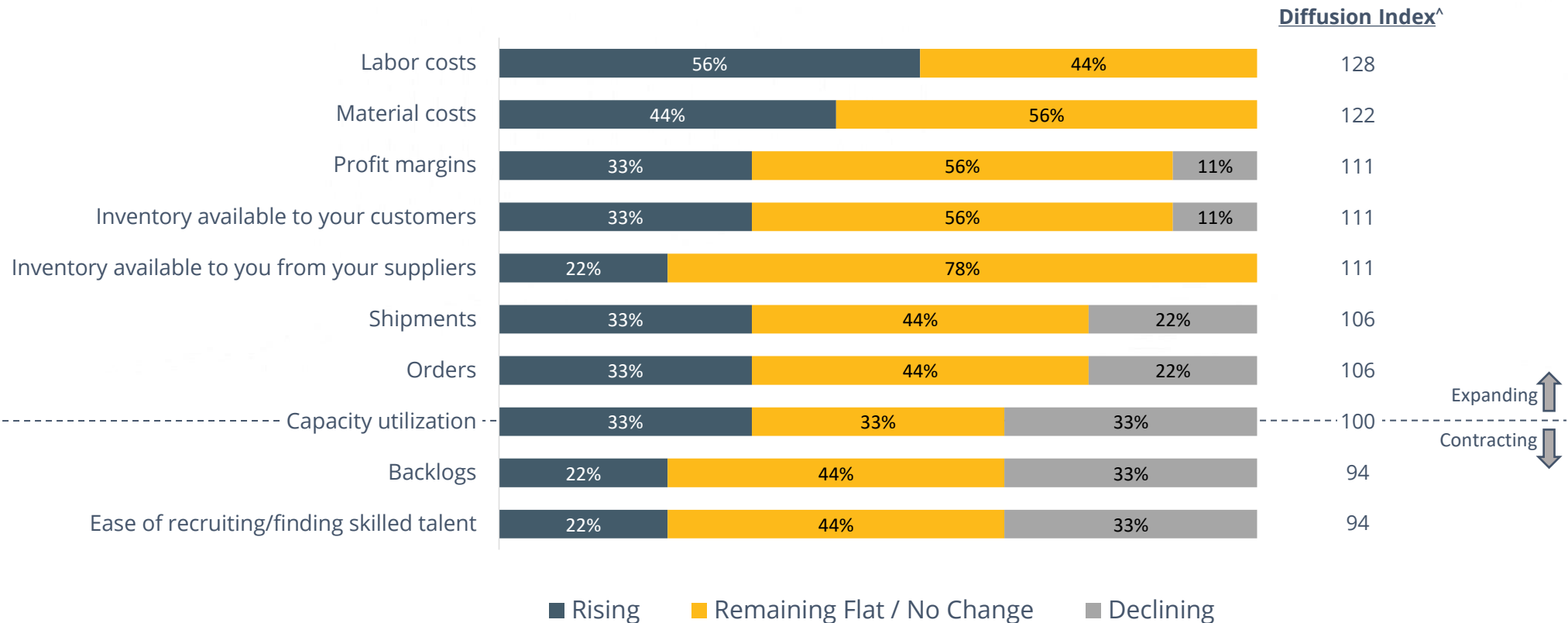
Current Supply Chain Conditions for Wire Harness and Cable Assembly Manufacturers

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

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

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



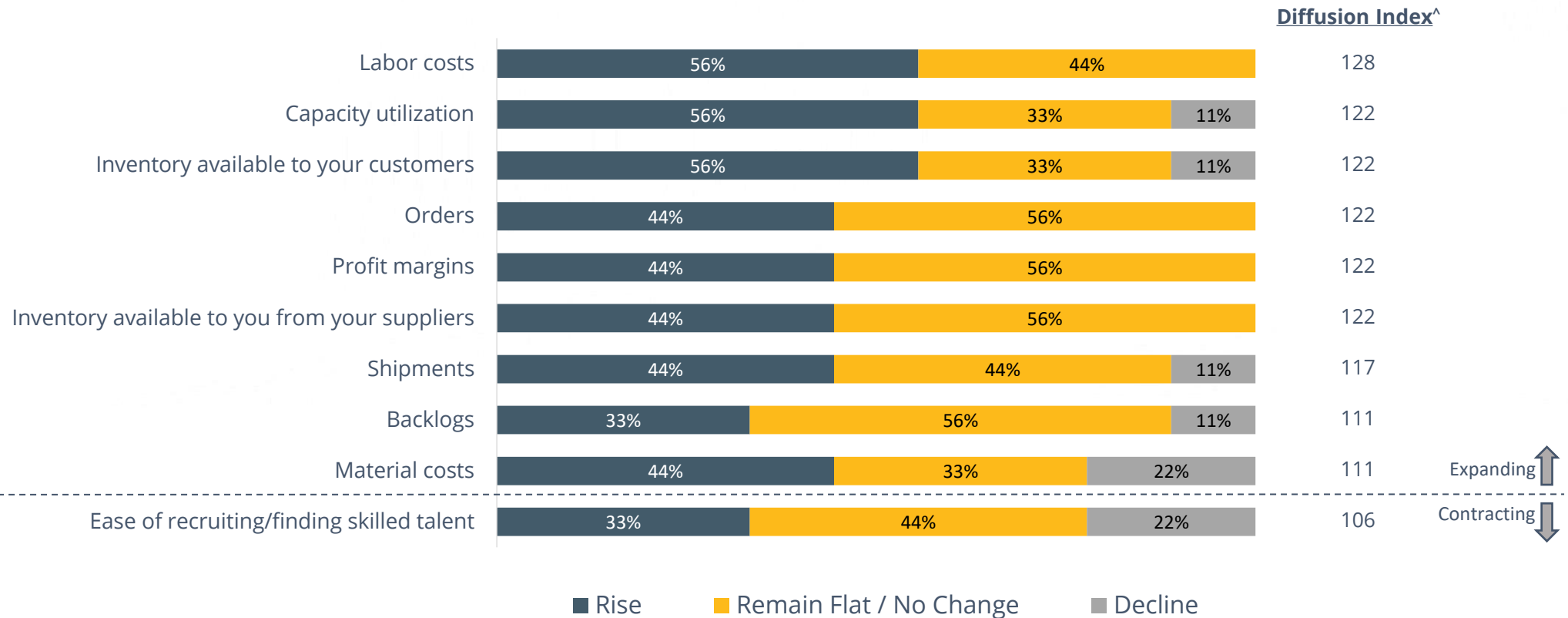
[^]A diffusion index is a statistical measure used to detect economic turning points.

The Outlook for the Next 6 Months

When it comes to the outlook, there are no significant differences 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 both material and labor costs to remain high, with ease of recruitment expected to remain challenging.



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Capacity Utilization, Backlogs, Orders, Ease of Recruitment, Shipments, Profit Margins, and Inventories are Expected to Rise Over the Next Six Months

At the same time, material costs are expected to decline, with labor costs holding steady.

Direction of Key Business Indicators – Diffusion Index[^]



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

November 2024 Special Questions

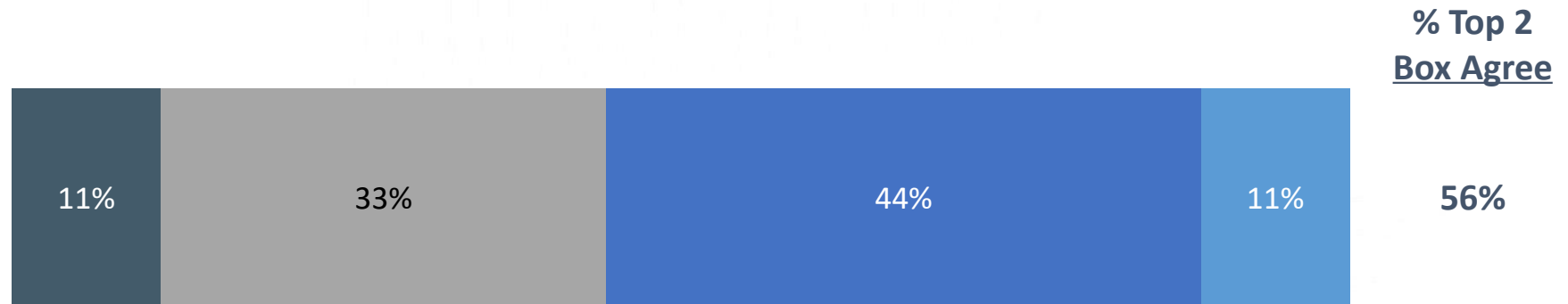
Nearly Three-Fifths (56%) of Wire Harness and Cable Assembly Manufacturers Agree There Will be a Broad Need for Most of the Workforce to Have at Least a Basic Understanding of AI Skills in the Future

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

Agreement With Statement:

There will be a broad need for most of our workforce to have at least basic understanding of AI skills in the future.

■ Strongly disagree ■ Somewhat disagree ■ Neither agree nor disagree ■ Somewhat agree ■ Strongly agree



Q: Please indicate your level of agreement with the following statement: There will be a broad need for most of our workforce to have at least basic understanding of AI skills in the future.

On Average, Less than 1% of Wire Harness and Cable Assembly Manufacturers' Employees Have Had AI Training, With Four-Fifths (78%) Reporting Zero Percent Having Been Trained

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

Percent of Employee Base With AI Training

■ 0% ■ 1%-5% ■ 6%-10% ■ 11%-25% ■ 26%-50% ■ More than 50%



Q: What percent of your employee base has had or been provided AI training?

Appendix

Current Conditions Diffusion Indices

Past 12 Month Comparisons

	November 2023	December 2023	January 2024	February 2024	March 2024	April 2024	May 2024	June 2024	July 2024	August 2024	September 2024	October 2024	November 2024
Shipments	104	97	100	95	104	121	110	100	116	106	88	86	106
Orders	104	83	97	110	113	125	120	106	120	111	81	86	106
Profit margins	82	100	97	105	96	100	105	94	106	111	94	86	111
Backlogs	100	87	81	90	100	96	110	111	109	78	106	79	94
Ease of recruiting/finding skilled talent	89	93	91	105	96	100	100	94	103	100	106	86	94
Material costs	118	123	122	120	125	114	115	122	122	117	113	114	122
Labor costs	129	123	131	130	125	118	125	117	119	117	119	114	128
Capacity utilization	111	107	106	105	108	114	120	100	103	100	106	93	100
Inventory available to you from your suppliers	121	113	116	115	108	104	100	111	103	106	94	114	111
Inventory available to your customers	118	111	109	115	113	118	120	111	116	117	119	107	111

△+5 points or more vs. previous month

△-5 points or more vs. previous month

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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 October 15 and October 31, 2024.



IPC Mexico Update / Highlights

Events

- **WireTech in Chihuahua, Oct. 2024** This year IPC México will also be a part of the largest and most important wire event in the country. Lorena will be speaking at the show about Workforce Training and we will have a booth
- **MRO Expo 2024 in Juarez,** . This event centralizes **raw materials** products and services for manufacturing operations, and the opportunity to bring together in one place buyers and sellers of inputs for **maquiladoras** and domestic industry. Lorena will be speaking at the show about Workforce Training and we will have a booth
- **Guanajuato's Education Week at IECA Guanajuato, October 2024**
- **IPC Day Querétaro Aerospace – Oct 2024**

Alliances

- **Signed an MOU with Queretaro's Government and UNAM** to upscale a program of student training; part of it includes the WHMA program.
- **Visited Aguascalientes** one of the largest Auto Hub's in México and began talks to develop a wire harness theme IPC DAY led by the government and the different actors in academia and entrepreneurs.
- **Established an alliance with IECA/CEDECI** the main training facility in Guanajuato's industry to participate and actively develop **GUANAJUATO'S EDUCATION WEEK**

Questions?

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