Wiring Harness Manufacturer's Association

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The Current Sentiment of the Wire Harness and Cable Assembly Industry

Monitoring the Pulse of the Global Electronics Industry

January 2025

Executive Summary

- **Wire Harness and Cable Assembly Industry Sentiment Rises in January**
- **Industry Demand Rises for Third Consecutive Month**
  - Industry demand sentiment reached a six-month high, with three out of four demand components in expansionary territory. The Backlog Index remains the only component in contraction. The overall outlook has improved significantly, rising sharply over the past three months.
- **Cost Pressures Reemerge**
  - Rising labor and material costs have reemerged as key challenges. Both costs have increased strongly over the last three months, reaching a 17-month high after hitting lows in October. The outlook for labor and material costs also climbed in January, reflecting diminishing expectations for cost declines among manufacturers.
- **Evolving Work Models**
  - For non-factory floor employees, hybrid work arrangements are expected to decline in 2025, while in-office work is projected to grow from 50% to 56%, signaling a shift toward centralized operations.
  - For factory floor employees, hybrid work is anticipated to double from 10% in 2024 to 22% in 2025. Despite this increase, on-site work will remain dominant, albeit with a notable decline.

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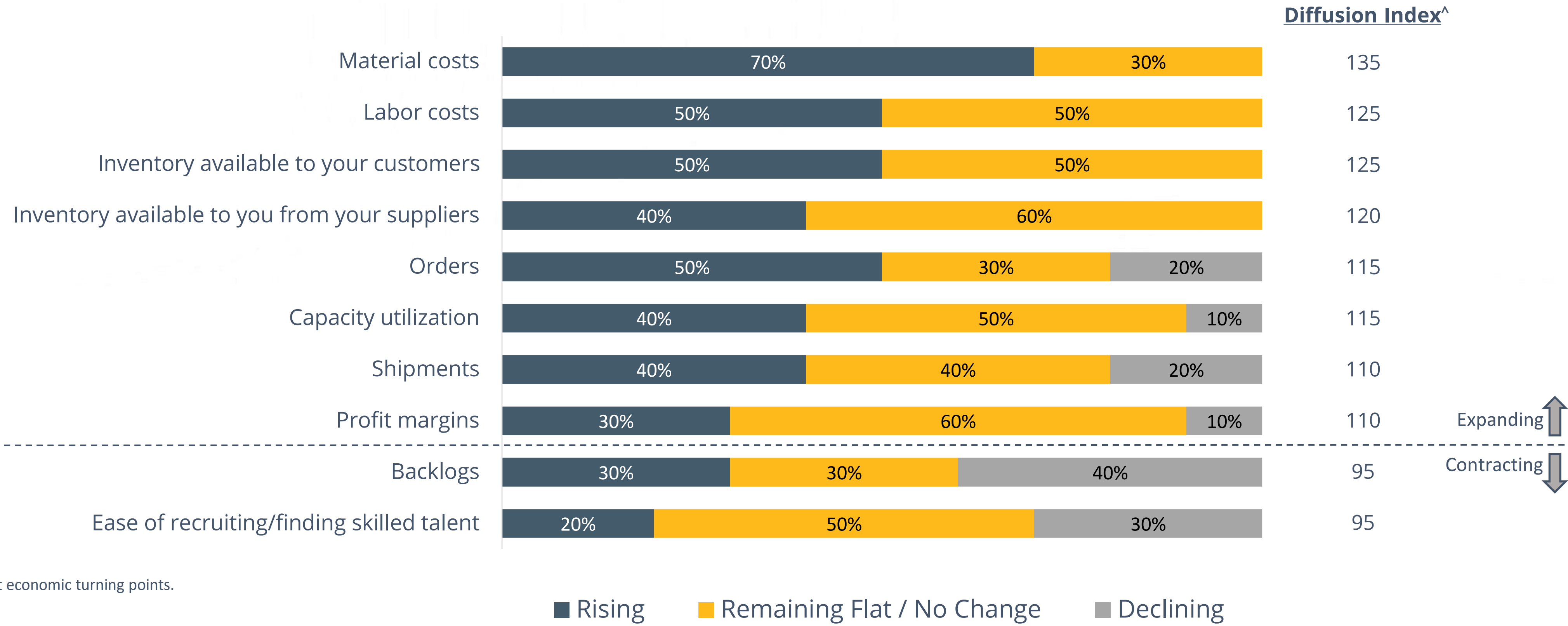
Current Supply Chain Conditions for Wire Harness and Cable Assembly Manufacturers

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

Seven in ten (70%) Wire Harness and Cable Assembly Manufacturers are currently experiencing rising material costs, with half (50%) reporting rising labor 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.

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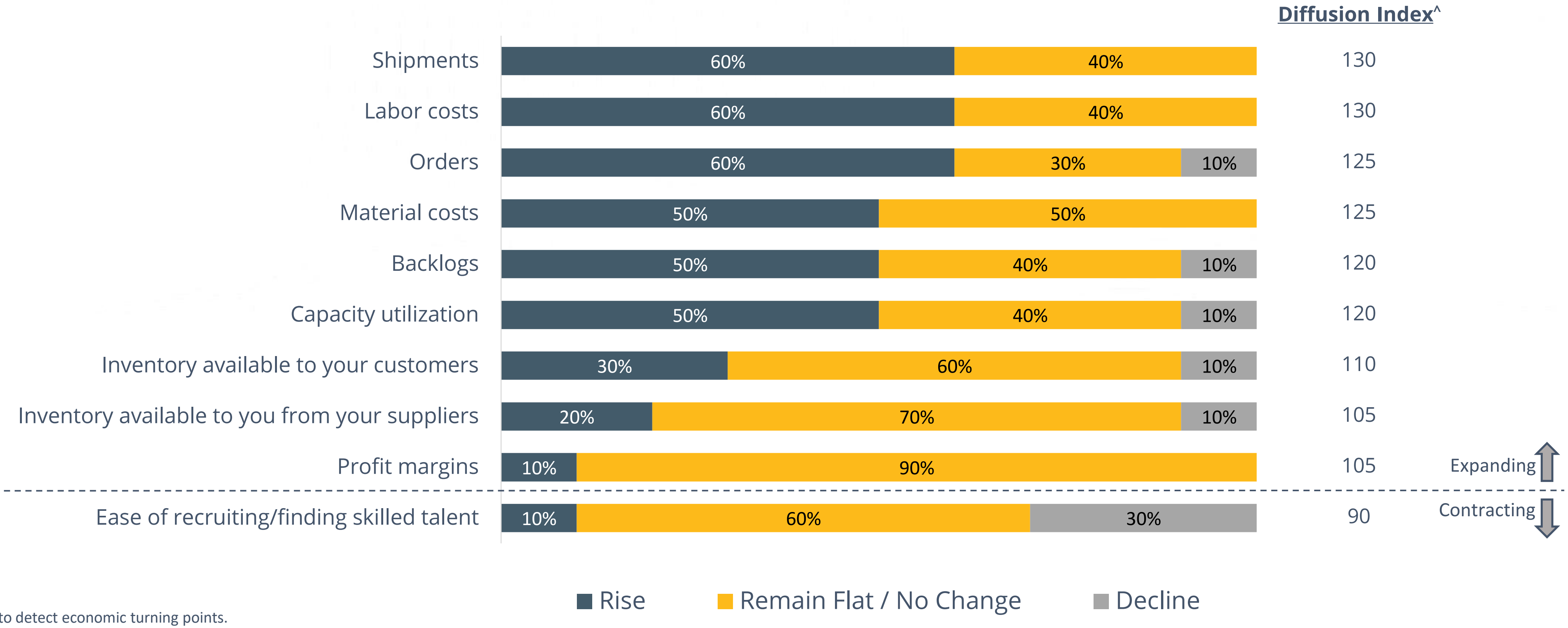
The Outlook for the Next 6 Months

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 labor and material costs to costs to remain high, with ease of recruitment likely to remain challenging.



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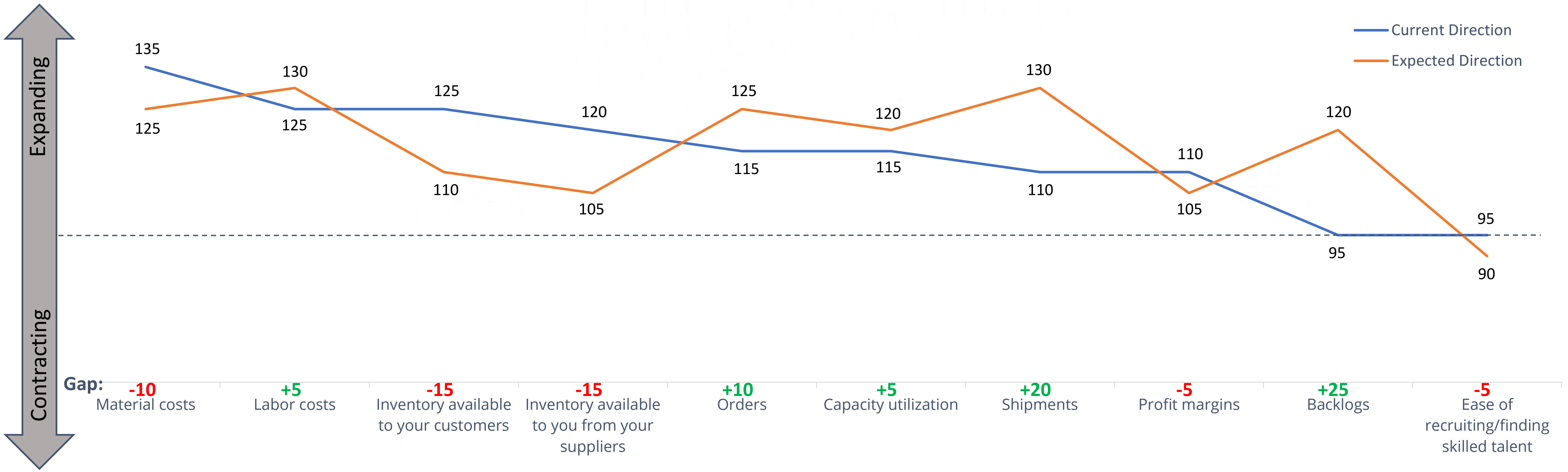
Backlogs, Shipments, Orders, Capacity Utilization, and Labor Costs are Expected to Rise Over the Next Six Months

At the same time, inventories, material costs, profit margins, and ease of recruitment are expected to decline.

Direction of Key Business Indicators – Diffusion Index^



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January 2025 Special Questions

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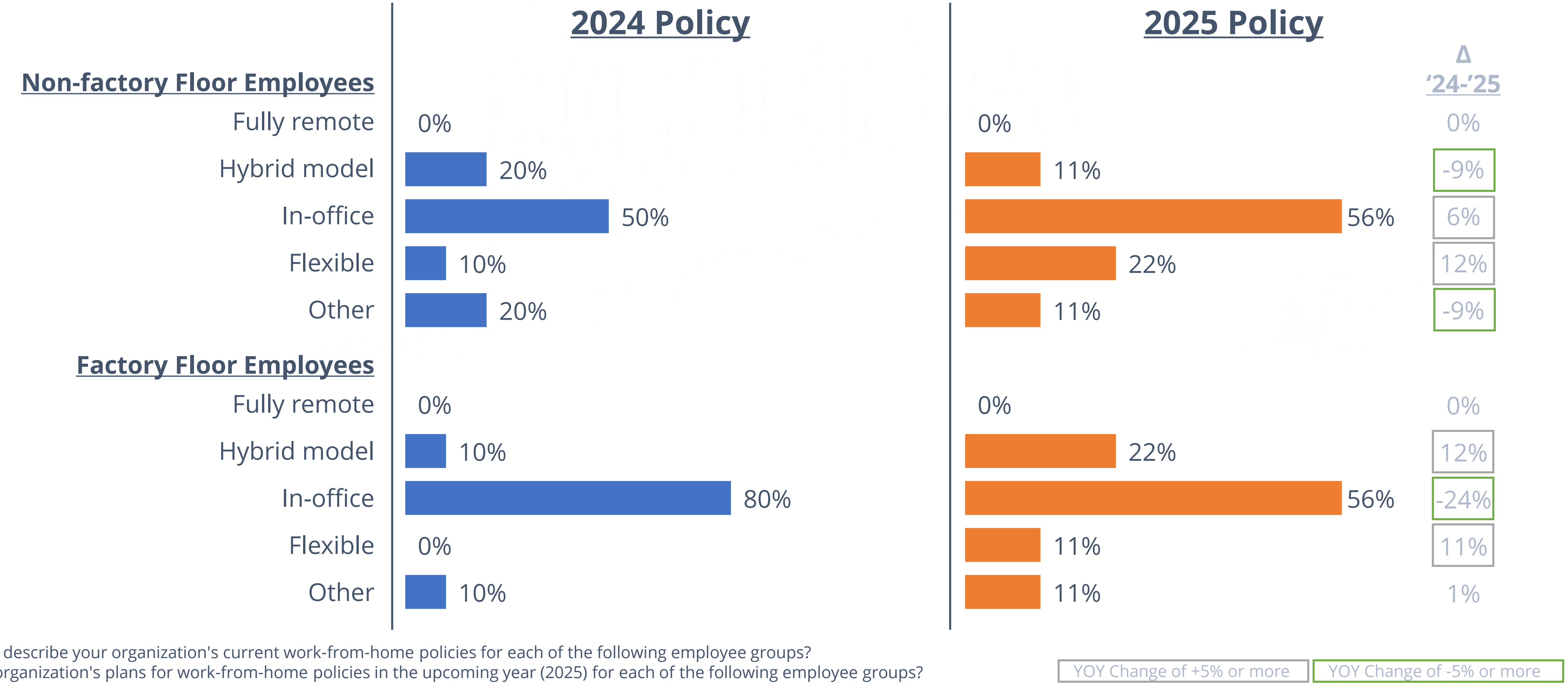
The Majority of Wire Harness and Cable Assembly Manufacturers' Employees Worked In-office in 2024, both Non-factory Floor (50%) and Factory Floor (80%) Employees

In 2025, the majority will continue to work in-office (56% among both employee groups); however, manufacturers intend to shift to more in-office and flexible work arrangements for their non-factory floor employees, while moving to more hybrid and flexible models for factory floor employees.

2024 vs. 2025 Work From Home Policies Among Wire Harness and Cable Assembly Manufacturers



Q: How would you describe your organization's current work-from-home policies for each of the following employee groups?
Q: What are your organization's plans for work-from-home policies in the upcoming year (2025) for each of the following employee groups?

Appendix

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Current Conditions Diffusion Indices

Past 12 Month Comparisons

	January 2024	February 2024	March 2024	April 2024	May 2024	June 2024	July 2024	August 2024	September 2024	October 2024	November 2024	December 2024	January 2025
Shipments	100	95	104	121	110	100	116	106	88	86	106	106	110
Orders	97	110	113	125	120	106	120	111	81	86	106	106	115
Profit margins	97	105	96	100	105	94	106	111	94	86	111	100	110
Backlogs	81	90	100	96	110	111	109	78	106	79	94	89	95
Ease of recruiting/finding skilled talent	91	105	96	100	100	94	103	100	106	86	94	106	95
Material costs	122	120	125	114	115	122	122	117	113	114	122	117	135
Labor costs	131	130	125	118	125	117	119	117	119	114	128	131	125
Capacity utilization	106	105	108	114	120	100	103	100	106	93	100	106	115
Inventory available to you from your suppliers	116	115	108	104	100	111	103	106	94	114	111	111	120
Inventory available to your customers	109	115	113	118	120	111	116	117	119	107	111	113	125

△+5 points or more vs. previous month

△-5 points or more vs. previous month

Outlook Diffusion Indices

Past 12 Month Comparisons

	January 2024	February 2024	March 2024	April 2024	May 2024	June 2024	July 2024	August 2024	September 2024	October 2024	November 2024	December 2024	January 2025
Shipments	106	125	142	125	125	89	122	106	94	107	117	122	130
Orders	116	125	146	121	120	100	128	106	94	93	122	133	125
Profit margins	106	105	108	111	95	83	106	111	88	86	122	106	105
Backlogs	94	120	125	104	105	106	116	89	106	100	111	122	120
Ease of recruiting/finding skilled talent	94	105	96	100	100	106	103	100	100	86	106	89	90
Material costs	131	125	125	118	105	117	116	122	106	107	111	106	125
Labor costs	131	120	129	125	105	122	122	117	114	121	128	128	130
Capacity utilization	116	125	129	125	120	100	119	100	106	107	122	133	120
Inventory available to you from your suppliers	116	100	108	104	110	111	109	106	94	121	122	111	105
Inventory available to your customers	116	110	113	121	110	106	113	117	119	121	122	106	110

△+5 points or more vs. previous month

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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

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 December 11 and December 31, 2024.

Questions?

Please contact:

Shawn DuBravac,
IPC Chief Economist

ShawnDuBravac@ipc.org