

Top Supply Chain News for May 2024



Here's a roundup of the top supply chain-related stories and trends that took shape over the last month.

From the continued rise of tech-driven solutions to navigating geopolitical challenges to high demand for certain electronic components, supply chains were a busy place in May. As we head into June, here are some of the top trends and breaking news that shaped supply chains last month.

Market Fluctuations Continue

In IPC's new *Global Sentiment of the Electronics Supply Chain Report*, the company says sentiment among electronics manufacturers fell after hitting a new high in April. Despite the decline, sentiment remains historically high.

The company says electronics manufacturers more likely expect PCB and EMS sales revenue to increase in the U.S. in 2024 when compared to other regions. "On average, electronics manufacturers anticipating a 2024 increase in either PCB or EMS sales revenue expect the percentage to range from 8 percent to 11 percent across all regions," IPC says, "while those anticipating a decrease in either PCB or EMS sales revenue believe the range will be between -8 percent and -12 percent year-over-year."

Some of the other key report findings included:

- Industry demand eased in May. Demand fundamentals weakened following a high in March, which was the highest level since July 2022.
- The Demand Index slipped 3% in May, with both the New Orders Index and the Shipments Index falling 5 points.

- The Backlog Index slipped back into contractionary territory, after a single month in expansionary territory.
- Cost pressures rose in May, after record low in April.
- The Labor Costs Index rose by three points in May and the Material Costs Index increased by 4 points.

Apple's Supply Chain Comes Under Scrutiny

International lawyers representing the government of the Democratic Republic of Congo claim to have new evidence gathered from whistleblowers, and with a focus on Apple's possible sourcing of minerals from conflict areas in eastern Congo, Reuters reports.

The publication says Congo's lawyers notified Apple of a series of concerns about its supply chain, and also wrote to Apple subsidiaries in France. "The Amsterdam & Partners LLP law firm has been investigating allegations that minerals mined in Congo by several companies and armed groups are being smuggled out through Rwanda, Uganda and Burundi," the publication reports.

Apple has said in the past that it does not directly buy, procure or source primary minerals, and it has been auditing its suppliers for several years and publishing its findings. Reuters says that in 2023 Apple said that 100% of identified smelters and refiners in the supply chain for all applicable of its products manufactured in 2023 had participated in an independent third-party conflict minerals audit for tin, tantalum, and tungsten—known as 3T minerals—and gold (3TG).

Disruptions are Easing, but Not Gone Yet

Supply chain disruptions became a major headache for businesses in the aftermath of the pandemic. In October 2021, [Liberty Street Economics](#) began asking businesses if supply availability had improved, remained unchanged, or worsened compared to the prior month, allowing us to derive diffusion indexes of supply availability for both service firms and manufacturers.

Fast-forward to May 2024 and Liberty Street Economics says that about 24% of service firms and 43% of manufacturers said supply chain disruptions impeded business activity last month. “Of note, the share of businesses reporting substantial supply disruptions has fallen considerably to just a small proportion,” the company says. “All in all, while much progress has been made, supply chain disruptions remain significant and are restraining business activity for many firms in the region, though much less so than in 2021.”

According to Liberty Street Economics, companies are responding to supply chain disruptions by focusing on changes to prices, output, employment and hours worked. For example, about 25% of service firms and nearly 40% of manufacturers increased their selling prices. “While such price adjustments were much less common than in October 2021,” the company adds, “such high shares of firms raising prices in response to supply chain disruptions may well be contributing to inflationary pressures in the economy.”

Demand for AI Pumps Up the Electronics Supply Chain

Artificial intelligence (AI) is sending shockwaves through the global electronics industry, according to [Astute Group](#), which says demand for high-performance computing, driven by advancements like ChatGPT, is outpacing even optimistic forecasts and fueling a scramble for specialized components.

The company expects demand for high-performance GPUs, FPGAs and HBM memory to continue to surge and says engineers and businesses must prepare for the ripple effects, including potential supply disruptions and the need to adapt designs.

“While AI’s disruption challenges legacy supply chains, it ultimately represents a tremendous catalyst for growth within the electronics industry,” Astute Group points out. “Proactive companies that invest in specialized solutions and embrace supply chain agility will be positioned to reap the rewards of this transformative technology.”