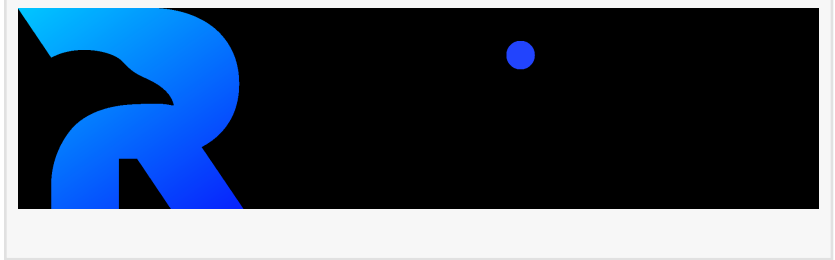


Q3 2022 Electrical Supply Chain Update

Q3 will have product shortages and price increases for electrical products countering Q2 price reductions

IRVINE, CALIFORNIA, UNITED STATES,
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Supply chain issues will continue to disrupt the electrical industry through 2022. End buyers of electrical projects should expect volatile costs and project delays from product shortages.



[Raiven](#), a leading supplier of procurement solutions for contractors and building owners, analyzed its platform pricing trends and contacted electrical contractors, distributors, and manufacturers to gather the latest intel on the state of the electrical supply chain.

Q2 IN REVIEW

Business Confidence

The National Electrical Manufacturers Association's (NEMA) current and future business confidence dropped 10 percentage points during Q2, indicating slowing in electrical manufacturing production.

Interest rate increases most significantly contributed to the drop in manufacturers' confidence according to 78 percent of respondents. A rapid reduction in residential mortgage applications coupled with higher carrying costs has led to pausing larger industrial projects slated for the second half of Q3.

Commodity Pricing

Commodity prices, a lead indicator for future economic growth, fell dramatically in Q2. Copper fell 23.2 percent from its peak in March while nickel and steel registered double-digit declines of 49 percent and 36 percent. This suggests a significant slowdown in production and demand will occur during the second half of 2022.

Lead Times

A majority of the top 150 manufacturers reported lead times of up to 30 days for the following product categories in Q2 that may persist into Q3:

- Wire and cable
- Conduit fittings
- Steel conduit
- LED ballast and fixtures

60 percent of distributors reported a minimum six-month lead time on switchgear, with year-long lead times for larger switchgear configurations.

Q3 EXPECTATIONS

Panelboards and Switches

Siemens recently extended the expected minimum lead time for its core line of panelboards and switches to between 40 and 53 weeks, a 10 percent increase from Q2. One of the main factors for extended lead times is the shortage of in-house electrical engineers available for lead-time negotiations.

Circuit Breakers

China and Germany, the largest manufacturers of circuit breakers, constitute almost 50 percent of global production. China's production levels recently slowed over 20 percent due to COVID-19 restrictions and difficulties receiving raw materials. Germany's manufacturing production index fell from 66 to 52 over the last year, a 21 percent decline.

Switchgear

There are no major changes in the 12- to 16-month lead times that Raiven reported in Q1 and Q2. Supply chain issues and limited manufacturing capacity both remain contributing factors.

Wire and Cable

While some commodity prices may lower, wire and cable face considerable risk for Q3 and Q4. Copper futures have reached recessionary levels. Global metal supply uncertainty from Russian sanctions, energy insecurity, and smelting persists. Deflationary recessionary pressures and inflationary manufacturing costs will keep wire prices high with nominal price declines in Q4.

EV Charging Stations

Distributors are seeing an uptrend in EV charging installations and expect rapid Q3 growth, with 57 percent reporting installations at local businesses, parking lots, and shops and 50 percent reporting materials purchased for EV installations at local governments, schools, and mass-transit facilities.

Biden Infrastructure Spending

70 percent of contractors and distributors polled have not seen activity under the Biden Infrastructure Bill related to (a) high speed broadband, (b) utility grid expansion, or (c) school/federal building retrofits. This activity is expected to increase in Q3 as elections near and summer project activities subside.

Regions Bucking the Trend

Southern California and Michigan are identified by Electrical Marketing's demand analysis as having significant industrial and commercial activity that will peak in Q3 2022 before experiencing the projected nationwide economic slowdown.

2022 ELECTRICAL PRODUCT PRICE TRENDS AND Q3 PROJECTIONS RA

"Raiven's technology searches in real time across distributors to find product availability at the lowest prices," Brett Knox, CEO of Raiven, said. "We launched Raiven in a browser extension during the pandemic to help contractors and facility managers find COVID-19 essentials and expanded to offer a wide variety of electrical, HVAC, and building maintenance products. Although prices declined in Q2, product shortages and out-of-stock situations occurred frequently and will continue in Q3. Raiven's sophisticated algorithm continues to find in-stock products and identify pricing anomalies for high-demand products in short supply."

ABOUT RAIVEN

Raiven is a leading purchasing and supply chain management software platform enabling contractors and facility managers to digitally transform their procurement process and obtain significant discounts on their common purchases. Raiven's cloud-based procurement platform helps businesses purchase smarter and more efficiently through patent-pending AI algorithms that find in-stock products at the lowest prices.

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