

Cables & Connectors Industry



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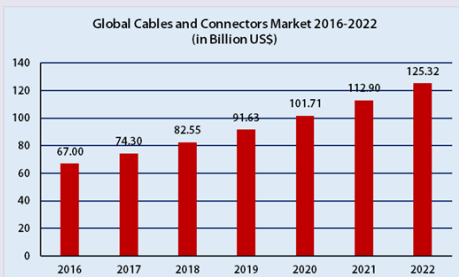


Figure 1. Global cables and connectors market 2016-2022



Global Outlook

The global cables and connectors market is expected to grow at a healthy pace in the coming years. Adoption of wireless technologies such as RF, Wi-Fi, Bluetooth and infrared in the coming years would consume a considerable chunk of the cables and connectors market, making room for internal cables and connectors to grow rapidly. Commercial industries such as IT, telecom, electronics and healthcare are rapidly growing and thus consuming major share of this market. With the increasing penetration of technologies such as cloud and Internet of Things (“IoT”), the demand for reliable, high performance and secure data connectivity and transmission has increased and will keep increasing in future, which overall augurs well for the global cables and connectors industry.

According to Allied Market Research (“AMR”), the global cables and connectors market is expected to reach \$125.3 billion by 2022, registering a CAGR of 11.1% during the forecast period of 2016-2022.



Regional Outlook

AMR predicts the Asia Pacific region will exhibit the highest CAGR of 13% during the forecasted period due to the ever-increasing demand in countries such as China and India. After Asia Pacific, the highest growth will be witnessed in the European region. The North America cables and connectors market is also expected to exhibit growth in both demand and revenue as advancements in technology that deliver high-speed data transmission will in turn result in the increase in sales of cables, connectors and allied products.



External Cables and Connectors

The external cables and connectors segment currently accounts for over 60% of the overall cables and connectors market revenue, owing to their frequent usage in electronic devices. These cables and connectors include USB cables and connectors, headphone jacks, fibre optic cables, VGA cables, ethernet cables and data cables which are used to connect internal cables and connectors. This segment is anticipated to grow at a CAGR 10.4% during the forecast period from 2016 to 2022. Regionally, Asia-Pacific dominates the external cables and connectors market and is expected to continue its dominance throughout the forecast period, exhibiting the highest CAGR of 12.1%. This is due to increasing adoption of external cables and connectors in data centres, huge investments in infrastructure, and energy and technology development in the region.



Increasing Usage of Active Cables as Connectors

Active cables are increasingly being used as connectors. When compared to normal cables, active cables work with the help of extra power. In long-distance transmissions, active cables are being preferred over passive connectors as they can boost transmission signals. Small integrated circuits (ICs) are equipped in active cables, embedded at each end. These ICs help in restoring the signals lost during transmissions. This usage of active cables as connectors has the potential to significantly change the global cables and connectors industry.

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UK Satellite Dish Market

The decision by telecommunications company, Sky, in 2018 that all its channels would be available online does not bode well for the market. However, to say that this is the end of the satellite dish market in the UK is still a bit premature. This is because Sky isn't the only service that is offered over satellite dish. In the UK a large proportion of the TV market uses Freesat, a non-subscription free TV service offered by the BBC and ITV and uses the same satellites as Sky. Also, if you want to receive foreign TV from places like France, Germany, Italy, Polish etc. then you would still require a satellite dish. Moreover, there are many parts of the UK where the broadband service is still very slow or non-existent, in which case a satellite dish would still be the most suitable option for people.



UK Surveillance Market

The UK is the one of the most surveilled countries in Europe with over 4.5 million CCTV cameras. The use of security cameras in business is growing significantly across the UK, owing to the increasing need for security, coupled with the use of cloud-based services for centralised data. Globally, the drive to enhance the safety and security across different industries is adding significantly to the market growth. With rapid developments in cloud computing and video surveillance software, the security and surveillance industry has transformed and will keep growing in future.

Recent Trends



Smaller Cables and Connectors

With new design parameters, connectors and cables today have become focus areas for improvement. Lighter weight aluminium wiring is finding its way into subsystems at the expense of traditional copper. Smaller connectors are increasingly being required to reduce the overall packaging footprints demanded by a growing number of high-density, space-constrained applications. As a result of these requirements, cables and connectors manufacturers are introducing new designs with contacts in arrangements capable of handling power, signal and data in single, smaller packages. Cables and connectors designers are also turning to new styles of contacts, different plating, and even different contact materials to reduce size and costs without sacrificing performance.



Telecommunications Sector Growth

Experts believe increasing investments in the telecommunications sector will lead to a continued rise in investments in base stations, core networks and data centres. Connectors act as an interlink for the cables and services and are utilised by the major components like base stations, broadcast centres and data centres.

Thus, growth in the telecommunication sector is one of the primary factors that will fuel growth of the connectors market in the next few years. Also, the increasing use of 4G and 5G networks is leading to increased investments in mobile technology and related core networks. Advanced connectors are essential to maintain the speed of the networks and also to balance the speed

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of the 4G and 5G networks. These factors will help upsurge the demand for the adoption of new connectors in the telecom industry.

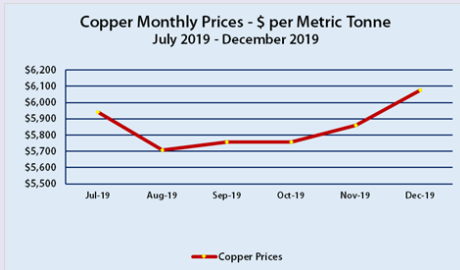


Figure 2. Copper Prices

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Copper Prices

Copper prices in 2020 are expected to suffer from ongoing macroeconomic concerns and weak market sentiment as a result of sustained trade tensions between the US and China, according to analysts at Fitch Solutions.

Fitch forecasts copper prices to average \$5,700/mt in 2020, down from \$6,000/mt in 2019, citing recent sideways trading between \$5,800/mt and \$6,000/mt that has fluctuated based on political developments.

In addition to US-China trade tensions, fears of a global economic recession are expected to hurt overall metals pricing.

"Lingering fears of the global economy falling into recession over the coming months will continue to house poor sentiment for metals, which should keep a lid on prices".

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