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UK: Improved manufacturing output message.

The CBI Industrial Trends survey for August showed a generally better reading, most notably in terms of a sharp bounce back in orders. Indeed, the balance of overall orders increased eleven points to 1, exactly reversing the slide in July which took this component to the lowest since April. Export orders also bounced clearly, rising eight points to zero.

As notably, and probably a result of both the better orders backdrop and despite rising inventories (the latter also evident in the survey) output intentions recovered, rising seven points to 13, the first gain in five months and up from a July reading which has been the weakest since last November. Pricing intentions in the manufacturing sector (ie the average domestic price balance) also rose back in August, but modestly so and only from a July figure which had been the lowest since the end of 2009.

These data are very much consistent with a clear bounce in the more closely watched manufacturing PMI numbers due late next week.