

## **THE OUTLOOK**

- In the April 1993 budget, the government forecast 2.9 per cent real growth in 1993. Exports are expected to be the main source of growth, reflecting increased economic activity in the U.S. and improvement in Canada's cost competitiveness. Further declines in interest rates are expected to boost growth in demand.
- This outlook is broadly consistent with the private-sector consensus and with the latest Organization for Economic Co-operation and Development and International Monetary Fund projections. Both the IMF and the OECD project that Canada will lead the G-7 for growth in output and employment in 1993 and 1994.
- With the recovery gathering momentum, employment is expected to grow strongly. However, this will encourage a rebound in labour force participation. As a result, the unemployment rate will fall slowly.
- With continued wage restraint and strong productivity growth, Canada will meet the inflation targets of 2.5 per cent for the middle of 1994 and 2 per cent for the end of 1995.