

Such an easing of demand pressures is expected in 1990. The OECD's June 1990 economic outlook indicates that economic growth in Canada will slow to 2.3 percent in 1990 in response to the relatively restrictive monetary and fiscal policy environment. The projections also show a slight moderation in inflation to 4.9 percent. Projections by the Department of Finance are broadly consistent with this pattern of growth. Though the actual numbers differ somewhat, the two projections share the view that further moderation in the growth of output of the Canadian economy will contribute to an easing of capacity constraints and the achievement of progress on inflation.