

1. Correct. The answer is true. In an annual compounding environment, if demand was Q_0 now in 10 years at annual compounding it would be $Q_{10} = 1.07^{10} * Q_0 = 1.97 * Q_0$ and in a continuous compounding environment, $Q_t = \exp(0.07 * 10) * Q_0 = 2.01 * Q_0$.