AAU - Business Mathematics I
Lecture \#6, March 18, 2009

## Exponential function properties:

$$
\begin{aligned}
& a^{x} a^{y}=a^{x+y} \\
& \left(\frac{a}{b}\right)^{x}=\frac{a^{x}}{b^{x}} \quad\left(a^{x}\right)^{y}=a^{x y} \\
& a^{x}=a^{y} \text { if and only if } x=y \\
& \text { for } x \neq 0, a^{x}=b^{x} \text { if and only if } a=b \\
& 0^{x}=0,1^{x}=1, \quad x^{0}=1 \text { for all } x
\end{aligned}
$$

Example: Simplify:

$$
\begin{aligned}
& \text { (a) }\left(\frac{4}{3}\right)^{2} \frac{3^{3}}{4} \\
& \left(\frac{4}{3}\right)^{2} \frac{3^{3}}{4}=\frac{4^{2}}{3^{2}} \frac{3^{3}}{4}=4^{(2-1)} 3^{(3-2)}=4 \times 3=12 \\
& \text { (b) }\left(\frac{2 a}{3 b}\right)^{2} \frac{5}{2^{3}} \\
& \left(\frac{2 a}{3 b}\right)^{2} \frac{5}{2^{3}}=\frac{4 a^{2}}{9 b^{2}} \frac{5}{2^{3}}=\frac{5}{18} a^{2} b^{-2}
\end{aligned}
$$

Properties of logarithmic functions: If $b, M$, and $N$ are positive real numbers, $b \neq 1$, and $p$ and $x$ are real numbers, then:

$$
\begin{aligned}
\log _{b} 1=0 & \log _{b} M N=\log _{b} M+\log _{b} N \\
\log _{b} b=1 & \log _{b} \frac{M}{N}=\log _{b} M-\log _{b} N \\
\log _{b} b^{x}=x & \log _{b} M^{p}=p \log _{b} M \\
b^{\log _{b} x}=x, x>0 & \log _{b} M=\log _{b} N \quad \text { iff } \quad M=N
\end{aligned}
$$

Example: How much do you have to invest if you want to have $\$ 5000$ in 3 years at $5 \%$ compounded annually?

$$
\begin{aligned}
& A=P(1+r)^{t} \\
& 5000=P(1+0.05)^{3} \\
& P=\frac{5000}{1.05^{3}}=4320
\end{aligned}
$$

### 9.2 Solving Exponential and Logarithmic Equations

There are two basic methods of solving exponential equations:
First: if it is possible to transform the equation to one with the same base on both sides of the equation, we just compare the exponents.
Second: if it is not possible to transform the equation to one with the same base on both sides of the equation, we use logarithm.

## - Transformation to the Same Base on Both Sides

Example: Solve $4^{x-3}=16$

$$
\begin{aligned}
& \left(2^{2}\right)^{x-3}=16 \\
& 2^{2(x-3)}=2^{4} \\
& 2 x-6=4 \\
& 2 x=10 \\
& x=5
\end{aligned}
$$

Exercise 3: Solve $27^{x+1}=9$
Example: Solve $7^{x^{2}}=7^{2 x+3}$

$$
\begin{aligned}
& 7^{x^{2}}=7^{2 x+3} \\
& x^{2}=2 x+3 \\
& x^{2}-2 x-3=0 \\
& D=b^{2}-4 a c=4-4 \times 1 \times(-3)=16 \\
& x_{1,2}=\frac{-b \pm \sqrt{D}}{2 a}=\frac{2 \pm 4}{2}=-1,3
\end{aligned}
$$

Exercise 4: Solve $4^{5 x-x^{2}}=4^{-6}$
Example: Find $y: y=\log _{3} 27$

$$
\begin{aligned}
& y=\log _{3} 27 \Leftrightarrow 3^{y}=27 \\
& y=3
\end{aligned}
$$

Example: Find $y: y=\log _{9} 27$

$$
\begin{aligned}
& y=\log _{9} 27 \Leftrightarrow 9^{y}=27 \\
& \left(3^{2}\right)^{y}=3^{3} \\
& 3^{(2 y)}=3^{3} \\
& 2 y=3 \\
& y=3 / 2
\end{aligned}
$$

Example: Find $x: \log _{2} x=-3$

$$
\begin{aligned}
& \log _{2} x=-3 \Leftrightarrow x=2^{(-3)} \\
& x=\frac{1}{2^{3}} \\
& x=1 / 8
\end{aligned}
$$

Example: Find $b: \log _{b} 100=2$

$$
\begin{aligned}
& \log _{b} 100=2 \Leftrightarrow b^{2}=100 \\
& b=\sqrt{100} \\
& b=10
\end{aligned}
$$

Note: In general, $b^{2}=100$ implies that $b= \pm \sqrt{100}= \pm 10$. But base of logarithm can only be positive number so we can ignore negative solution -10.

Examples:

$$
\begin{array}{ll}
\log _{e} 1=0 & \log _{10} 10=1 \\
10^{\log _{10} 7}=7 & \log _{e} e^{2 x+1}=2 x+1 \\
e^{\log _{e} x^{2}}=x^{2} &
\end{array}
$$

- If you know that $\log _{e} 3=1.1$ and $\log _{e} 7=1.95$, find $\log _{e}\left(\frac{7}{3}\right)$ and $\log _{e} \sqrt[3]{21}$.

$$
\begin{aligned}
& \log _{e}\left(\frac{7}{3}\right)=\log _{e} 7-\log _{e} 3=1.95-1.1=0.85 \\
& \log _{e} \sqrt[3]{21}=\log _{e} 21^{1 / 3}=1 / 3 \log _{e} 21=1 / 3 \log _{e}(3 \times 7)=1 / 3\left[\log _{e} 3+\log _{e} 7\right]= \\
& =1 / 3[1.1+1.95]=1 / 3 \times 3.05 \approx 1.02
\end{aligned}
$$

- Find $x: \log _{b} x=\frac{2}{3} \log _{b} 27+2 \log _{b} 2-\log _{b} 3$

$$
\begin{aligned}
& \log _{b} x=\frac{2}{3} \log _{b} 27+2 \log _{b} 2-\log _{b} 3 \\
& \log _{b} x=\log _{b} 27^{2 / 3}+\log _{b} 2^{2}-\log _{b} 3 \\
& \log _{b} x=\log _{b}\left[27^{2 / 3} \times 2^{2} / 3\right] \\
& \log _{b} x=\log _{b}[9 \times 4 / 3] \\
& x=\frac{9 \times 4}{3}=12
\end{aligned}
$$

Exercise 5: Find $x: 2 \log _{5} x=\log _{5}\left(x^{2}-6 x+2\right) ; \log _{e}(x+8)-\log _{e} x=3 \log _{e} 2 ;(\ln x)^{2}=\ln x^{2}$, where $\ln$ is a short notation for $\log _{e}$

## - Using Logarithm

- $2^{3 x-2}=5$ This equation can not be transformed to get the equation with the same base on each side, therefore we will use logarithm to solve it.

$$
\begin{aligned}
& 2^{3 x-2}=5 / \log _{10} \\
& \log _{10} 2^{3 x-2}=\log _{10} 5 \\
& (3 x-2) \log _{10} 2=\log _{10} 5 \\
& (3 x-2)=\frac{\log _{10} 5}{\log _{10} 2} \\
& x=\frac{1}{3}\left(2+\frac{\log _{10} 5}{\log _{10} 2}\right)
\end{aligned}
$$

Example: You deposit 20000 CZK on a bank account with an interest rate of $10 \%$. How many years does it take to get 29282 CZK back?

## Solution:

$$
\begin{aligned}
& 20000(1+0.1)^{t}=29282 \\
& 1.1^{t}=\frac{29282}{20000}=1.4641 \\
& \log 1.1^{t}=\log 1.4641 \\
& t \log 1.1=\log 1.4641 \\
& t=\frac{\log 1.4641}{\log 1.1}=\frac{0.16557}{0.0414} \approx 4
\end{aligned}
$$

It takes 4 years to get 29282 back.

Example: There are two options for investing money. If you invest 10000 Bank A offers to give you back 13382 after 5 years. Bank B offers $8 \%$ interest rate compounded annually if you leave your money there for 5 years. Which option should you choose?
Solution: We have different types of information about these two options. To be able to compare them we need to know either what is the interest rate in Bank A or what will be the amount of money that we get in Bank B. We will find both.

$$
\begin{aligned}
& 10000(1+r)^{5}=13382 \\
& (1+r)^{5}=\frac{13382}{10000}=1.3382 \\
& 5 \log (1+r)=\log 1.3382 \\
& \log (1+r)=\frac{1}{5} \log 1.3382 \\
& \log (1+r)=\log 1.3382^{\frac{1}{5}} \\
& r=1.3382^{\frac{1}{5}}-1=0.06=6 \%
\end{aligned}
$$

This means that Bank A offers lower interest rate and hence we should choose Bank B.
If we deposit 10000 in Bank B after 5 years we will get:

$$
10000(1+r)^{5}=10000(1+0.08)^{5}=14693
$$

This means that in Bank B we get more money back compared to Bank A and hence again we should choose bank B.

### 9.3 Answers

Exercise 1: $27=3^{3} ; 6=36^{1 / 2} ; 1 / 9=3^{-2}$
Exercise 2: $\log _{4} 16=2 ; \log _{27} 3=1 / 3 ; \log _{16} 4=1 / 2$
Exercise 3: $x=-1 / 3$
Exercise 4: $x=-1,6$
Exercise 5: $x=1 / 3 ; x=8 / 7 ; x=1, e^{2}$

