

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

Exponential function properties:

$$a^{x}a^{y} = a^{x+y} \qquad (a^{x})^{y} = a^{xy} \qquad (ab)^{x} = a^{x}b^{x}$$

$$\begin{pmatrix} \frac{a}{b} \end{pmatrix}^{x} = \frac{a^{x}}{b^{x}} \qquad \frac{a^{x}}{a^{y}} = a^{x-y}$$

$$a^{x} = a^{y} \text{ if and only if } x = y$$
for $x \neq 0, a^{x} = b^{x}$ if and only if $a = b$

$$0^{x} = 0, \quad 1^{x} = 1, \quad x^{0} = 1 \text{ for all } x$$

Example: Simplify:

(a)
$$\left(\frac{4}{3}\right)^2 \frac{3^3}{4}$$

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

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

$$\begin{split} \log_b 1 &= 0 & \log_b MN = \log_b M + \log_b N \\ \log_b b &= 1 & \log_b \frac{M}{N} = \log_b M - \log_b N \\ \log_b b^x &= x & \log_b M^p = p \log_b M \\ b^{\log_b x} &= x, x > 0 & \log_b M = \log_b N \text{ iff } M = N \end{split}$$

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

$$A = P (1 + r)^{t}$$

$$5000 = P (1 + 0.05)^{3}$$

$$P = \frac{5000}{1.05^{3}} = 4320$$

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 $4^{x-3} = 16$

$$(2^2)^{x-3} = 16$$

 $2^{2(x-3)} = 2^4$
 $2x - 6 = 4$
 $2x = 10$
 $x = 5$

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

Example: Solve $7^{x^2} = 7^{2x+3}$

$$7^{x^2} = 7^{2x+3}$$

$$x^2 = 2x + 3$$

$$x^2 - 2x - 3 = 0$$

$$D = b^2 - 4ac = 4 - 4 \times 1 \times (-3) = 16$$

$$x_{1,2} = \frac{-b \pm \sqrt{D}}{2a} = \frac{2 \pm 4}{2} = -1,3$$

Exercise 4: Solve $4^{5x-x^2} = 4^{-6}$

Example: Find $y: y = \log_3 27$

$$y = \log_3 27 \Leftrightarrow 3^y = 27$$
$$y = 3$$

Example: Find $y: y = \log_9 27$

$$y = \log_9 27 \Leftrightarrow 9^y = 27$$
$$(3^2)^y = 3^3$$
$$3^{(2y)} = 3^3$$
$$2y = 3$$
$$y = 3/2$$

Example: Find $x: \log_2 x = -3$

$$\log_2 x = -3 \Leftrightarrow x = 2^{(-3)}$$
$$x = \frac{1}{2^3}$$
$$x = 1/8$$

Example: Find *b*: $\log_b 100 = 2$

$$log_b 100 = 2 \Leftrightarrow b^2 = 100$$
$$b = \sqrt{100}$$
$$b = 10$$

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:

$\log_e 1 = 0$	$\log_{10} 10 = 1$
$10^{\log_{10} 7} = 7$	$\log_e e^{2x+1} = 2x+1$
$e^{\log_e x^2} = x^2$	

• If you know that $\log_e 3 = 1.1$ and $\log_e 7 = 1.95$, find $\log_e(\frac{7}{3})$ and $\log_e \sqrt[3]{21}$.

$$\log_e \left(\frac{7}{3}\right) = \log_e 7 - \log_e 3 = 1.95 - 1.1 = 0.85$$

$$\log_e \sqrt[3]{21} = \log_e 21^{1/3} = 1/3 \log_e 21 = 1/3 \log_e (3 \times 7) = 1/3 [\log_e 3 + \log_e 7] = 1/3 [1.1 + 1.95] = 1/3 \times 3.05 \approx 1.02$$

• Find x: $\log_b x = \frac{2}{3} \log_b 27 + 2 \log_b 2 - \log_b 3$

$$\log_b x = \frac{2}{3} \log_b 27 + 2 \log_b 2 - \log_b 3$$

$$\log_b x = \log_b 27^{2/3} + \log_b 2^2 - \log_b 3$$

$$\log_b x = \log_b [27^{2/3} \times 2^2/3]$$

$$\log_b x = \log_b [9 \times 4/3]$$

$$x = \frac{9 \times 4}{3} = 12$$

Exercise 5: Find x: $2\log_5 x = \log_5(x^2 - 6x + 2); \log_e(x + 8) - \log_e x = 3\log_e 2; (\ln x)^2 = \ln x^2$, where ln is a short notation for \log_e

• Using Logarithm

• $2^{3x-2} = 5$ 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.

$$2^{3x-2} = 5/\log_{10}$$
$$\log_{10} 2^{3x-2} = \log_{10} 5$$
$$(3x-2)\log_{10} 2 = \log_{10} 5$$
$$(3x-2) = \frac{\log_{10} 5}{\log_{10} 2}$$
$$x = \frac{1}{3} \left(2 + \frac{\log_{10} 5}{\log_{10} 2}\right)$$

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:

$$20000(1+0.1)^{t} = 29282$$

$$1.1^{t} = \frac{29282}{20000} = 1.4641$$

$$\log 1.1^{t} = \log 1.4641$$

$$t \log 1.1 = \log 1.4641$$

$$t = \frac{\log 1.4641}{\log 1.1} = \frac{0.16557}{0.0414} \approx 4$$

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.

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

It takes 4 years to get 29282 back.

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; $x = 1, e^2$