

AAU - Business Mathematics I

Lecture #6, October 8, 2009

## 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:

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

• 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.

$$2^{3x-2} = 5/\log_{10}$$

$$\log_{10} 2^{3x-2} = \log_{10} 5$$

$$(3x-2)\log_{10} 2 = \log_{10} 5$$

$$(3x-2) = \frac{\log_{10} 5}{\log_{10} 2}$$

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

• You have \$10000 and the annual interest rate is 10%. Imagine that you have two options. You can deposit the money for 4 years and interest rate being compounded annually or you can deposit the money for 2 years and interest rate being compounded semiannually. Decide which option is better (in terms of money).

First option:  $A = P(1+r)^t = 10000 \times (1+0.10)^4$ 

Second option:  $A = P(1 + r/n)^n t = 10000 \times (1 + 0.10/2)^4 = 10000 \times (1 + 0.05)^4$ 

Hence, the first option gives more money that the second one.

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:

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

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

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

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

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

It takes 4 years to get 29282 back.

Example: You are told that if you invest one million into stocks you will get back 1.225.043 in three years. What is the annual interest rate?

Solution:

$$1000000(1+r)^{3} = 1225043$$

$$100^{3}(1+r)^{3} = 107^{3}$$

$$(1+r)^{3} = \frac{107^{3}}{100^{3}} = \left(\frac{107}{100}\right)^{3} = 1.07^{3}$$

$$1+r = 1.07 \implies r = 0.07$$

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.

$$10000(1+r)^5 = 13382$$

$$(1+r)^5 = \frac{13382}{10000} = 1.3382$$

$$5\log(1+r) = \log 1.3382$$

$$\log(1+r) = \frac{1}{5}\log 1.3382$$

$$\log(1+r) = \log 1.3382^{\frac{1}{5}}$$

$$r = 1.3382^{\frac{1}{5}} - 1 = 0.06 = 6\%$$

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:** 
$$x = 1/3$$
;  $x = 8/7$ ;  $x = 1, e^2$