

Mathématiques pour SHS
Master Sciences des données et histoire

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4. Additional Derivative Topics

- 14-1 The Constant e and Continuous Compound Interest
- 14-2 Derivatives of Exponential and Logarithmic Functions
- 14-3 Derivatives of Products and Quotients
- 14-4 The Chain Rule
- 14-5 Implicit Differentiation
- 14-6 Related Rates
- 14-7 Elasticity of Demand

4. Additional Derivative Topics

4-1 The Constant e and Continuous Compound Interest

Learning Objectives

- solve problems involving the irrational number e .
- solve problems involving continuous compound interest.

4. Additional Derivative Topics

4-1 The Constant e and Continuous Compound Interest

Simple Interest

Deposit amount P into bank account.
Interest is earned, but only on P (you don't earn interest on the interest).
The interest is kept separate from the principal P .
Let

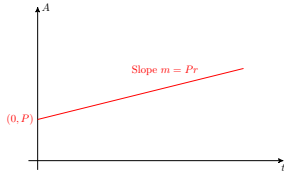
- r = interest rate expressed as a decimal.
- t = time in years since the deposit;
- A = amount of money in the account at time t .

Simple Interest formula:

- A = Principal + Interest
- $A = P + Prt$
- $A = P(1 + rt)$ (factored form)

Simple Interest

- $A = P(1 + rt)$ (factored form)
- $A = (Pr)t + P$ (rewritten in form $y = mx + b$)



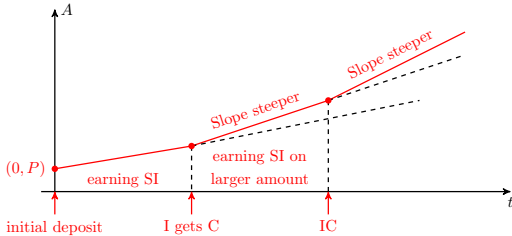
EXAMPLE 1

Deposit \$1000 into account with 2% SI. What will be the balance after 5 years?
 $P = 1000$, $r = 0.02$, $t = 5$, $A = \text{unknown}$.
 $A = 1000(1 + (0.02)(5)) = 1000(1 + 0.1) = 1000(1.1) = 1100\$$

Notes

Compound Interest (Periodically Compounded Interest)

Every once in awhile, the interest gets added to the bucket of money that is earning interest, so then interest will accumulate faster after that.



Notes

General Formula for Compound Interest

$$A = P \left(1 + \frac{r}{n} \right)^{nt}$$

- P = principal=initial deposit.
- r = interest rate expressed as a decimal.
- t = time in years since the deposit.
- n = numbers of times per year that interest gets compounded.
- A = amount of money in the account at time t .

EXAMPLE 2

Deposit \$1000 into account with 2% interest compounded annually. What will be the balance after 5 years?
 $P = 1000$, $r = 0.02$, $t = 5$, $n = 1$, $A = \text{unknown}$.
 $A = 1000 \left(1 + \frac{0.02}{1} \right)^{1 \cdot 5} = 1000(1 + 0.02)^5 \approx \1104.08

Notes

EXAMPLE 3

Same deposit, same interest, same time t but now compounded **monthly**.
 $P = 1000$, $r = 0.02$, $t = 5$, $n = 12$, $A = \text{unknown}$.
 $A = 1000 \left(1 + \frac{0.02}{12} \right)^{12 \cdot 5} \approx \1105.08

EXAMPLE 4

Same deposit, same interest, same time t but now compounded **daily**.
 $P = 1000$, $r = 0.02$, $t = 5$, $n = 365$, $A = \text{unknown}$.
 $A = 1000 \left(1 + \frac{0.02}{365} \right)^{365 \cdot 5} \approx \1105.17

REMARK

Notice the trend in the previous examples :
 $P = 1000$, $r = 0.02$, $t = 5$
 $\begin{matrix} 1100 & < & 1104.08 & < & 1105.08 & < & 1105.17 \\ \text{(SI, never compounded)} & \text{(n = 1 compounded yearly)} & \text{(n = 12 compounded monthly)} & \text{(n = 365 compounded daily)} \end{matrix}$

Notes

4. Additional Derivative Topics

4-1 The Constant e and Continuous Compound Interest

Clearly as we compound more frequently, the balance after 5 years gets **bigger**.
But it seems like as n gets **really big**, the balance doesn't increase so much, and is may be ever levelling off.
That leads to a question:
What is

$$\lim_{n \rightarrow \infty} A?$$

That is, what is

$$\lim_{n \rightarrow \infty} P \left(1 + \frac{r}{n}\right)^{nt}?$$

Related question: what is

$$\lim_{n \rightarrow \infty} \left(1 + \frac{1}{n}\right)^n?$$

Investigate with a calculator

n	1	10	100	10000	...
$\left(1 + \frac{1}{n}\right)^n \approx$...

Notes

4. Additional Derivative Topics

4-1 The Constant e and Continuous Compound Interest

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Related question: what is

$$\lim_{n \rightarrow \infty} \left(1 + \frac{1}{n}\right)^n?$$

Investigate with a calculator

n	1	10	100	10000	...
$\left(1 + \frac{1}{n}\right)^n \approx$	2	2.59374	2.70481	2.71692	...

These values seem to be getting closer and closer to some number that is around 2.71

Notes

4. Additional Derivative Topics

4-1 The Constant e and Continuous Compound Interest

Huge Fact of math

The limit of $\lim_{n \rightarrow \infty} \left(1 + \frac{1}{n}\right)^n$ does exist.
It is given the symbol e

$$\lim_{n \rightarrow \infty} \left(1 + \frac{1}{n}\right)^n = e$$

Fact about e :

- it is a real number
- it is irrational (cannot be expressed as a ratio of integers or as a terminating or repeating decimal)
- $e \approx 2.718$

Related limits

$$\lim_{n \rightarrow \infty} \left(1 + \frac{x}{n}\right)^n = e^x$$

$$\lim_{n \rightarrow \infty} P \left(1 + \frac{r}{n}\right)^{nt} = Pe^{rt}$$

(this expr contains no n)

Introduce a new kind of bank account interest: **Continuously Compounded Interest**

Notes

4. Additional Derivative Topics

4-1 The Constant e and Continuous Compound Interest

EXAMPLE 5

Same deposit, same interest, same time t but now Continuous Compound Interest.
 $P = 1000, r = 0.02, t = 5, A = \text{unknown}.$
 $A = 1000e^{0.02 \cdot 5} = 1000e^{0.1} \approx \1105.17

Notes

4-1 The Constant e and Continuous Compound Interest

$$A = Pe^{rt}$$

Solve for P

$$A = Pe^{rt} \quad (\text{divide by } e^{rt})$$
$$P = \frac{A}{e^{rt}}$$

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4-1 The Constant e and Continuous Compound Interest

$$\begin{aligned} A &= Pe^{rt} \quad (\text{divide by } P) \\ \frac{A}{P} &= e^{rt} \quad (\text{take log of both sides}) \\ \ln\left(\frac{A}{P}\right) &= \ln(e^{rt}) \quad (\ln(e^x) = x) \\ \ln\left(\frac{A}{P}\right) &= rt \quad (\text{divide by } t) \\ r &= \frac{\ln\left(\frac{A}{P}\right)}{t} \end{aligned}$$

4-1 The Constant e and Continuous Compound Interest

$$\ln\left(\frac{A}{P}\right) = rt \quad (\text{divide by } t)$$
$$t = \frac{\ln\left(\frac{A}{P}\right)}{r}$$

4-1 The Constant e and Continuous Compound Interest

We have $P = 937$, $r = 0.023$, $t = 7$ and $A = \text{unknown}$, so use form $A = Pe^{rt}$.

$$A = 937e^{(0.023)^7} \approx \$1100.68$$

We have $P = 937$, $r = 0.023$, $t = \text{unknown}$ and $A = 1200$, so use form $t = \frac{\ln(\frac{A}{P})}{r}$.

$$t = \frac{\ln\left(\frac{1200}{987}\right)}{0.023} \approx 10.75 \text{ years}$$

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4-1 The Constant e and Continuous Compound Interest

$$t = \frac{\ln\left(\frac{A}{P}\right)}{r}.$$

$$t = \frac{\ln\left(\frac{2P}{P}\right)}{0.023} = \frac{\ln(2)}{0.023} \approx 30.14 \text{ years}$$

We have $P = \text{unknown}$, $r = \text{unknown}$, $t = 20$ and $A = 2P$, so use form $r = \frac{\ln(\frac{A}{P})}{t}$.

$$r = \frac{\ln\left(\frac{2P}{P}\right)}{20} = \frac{\ln(2)}{20} \approx 0.0347$$

4-1 The Constant e and Continuous Compound Interest

1 Solve for t or r to two decimal places. a) $4 = e^{0.56t}$, b) $3 = e^{15t}$, c) $5 = e^{0.0456t}$

- 2 Carolina Bank offers a 10-years Certificates of Deposit (CD) that earns 7% compounded continuously. If \$2500 is invested in this CD, how much will it be worth in 10 years?
- 3 A saving bond will pay \$10,000 maturity 20 years from now. How much should you be willing to pay for the note now if money is worth 3.85% compounded semiannually?
- 4 A couple paid \$30,000 for a house forty years ago. Today, they sold the house for \$250,000. If interest is compounded continuously, what annual nominal rate of interest did the original \$30,000 investment earn?
- 5 At what nominal interest rate compounded continuously must Jennifer invest her savings so that her money doubles in 7 years?
- 6 Jocelyn invests \$1000 in an account that earns 3.75% compounded monthly and \$2500 in an account that earns 3.9% compounded continuously. Use graphical approximation methods to determine how long it will take for her total investment to grow to \$5000?

4-2 Derivatives of Exponential and Logarithmic Functions

- Find the derivative of e^x
- Find the derivative of $\ln(x)$
- Find the derivatives of other logarithmic and exponential functions.

4-2 Derivatives of Exponential and Logarithmic Functions

Two eq version: If $f(x) = e^x$, then $f'(x) = e^x$

Sing eq version: $\frac{d}{dx}e^x = e^x$

Exponential function: Rule #2

Two eq version: If $f(x) = b^x$, then $f'(x) = b^x \ln(b)$

Sing eq version: $\frac{d}{dx}b^x = b^x \ln(b)$

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4-2 Derivatives of Exponential and Logarithmic Functions

Find the derivative of the following functions.

$$\mathbf{4} \quad f_4(x) = -7x^e - 2e^x + e^2$$

$$f_4'(x) = -7ex^{e-1} - 2e^x$$

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4-2 Derivatives of Exponential and Logarithmic Functions

1 Find the derivative of the following functions.

2 The value of a truck

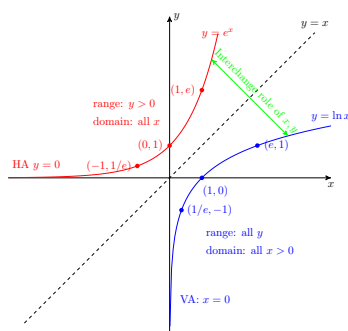
b) What is the value of the truck after 5 years?
c) What is the **rate of change** of the value of the truck at time $t = 5$ years?

4-2 Derivatives of Exponential and Logarithmic Functions

We summarize important facts about logarithmic functions:

Logarithmic form is equivalent to Exponential form

Range(0, ∞)

$$\ln(x) = \log_e(x)$$


4-2 Derivatives of Exponential and Logarithmic Functions

Graph of the exponential function $y = e^x$ and its inverse, the natural logarithm $y = \ln x$.

The exponential function $y = e^x$ (red curve) has the following properties:

- range: $y > 0$
- domain: all x
- Horizontal Asymptote (HA): $y = 0$
- Vertical Asymptote (VA): $x = 0$
- Key points: $(-1, 1/e)$, $(0, 1)$, $(1, e)$

The natural logarithm function $y = \ln x$ (blue curve) has the following properties:

- range: all y
- domain: all $x > 0$
- Horizontal Asymptote (HA): $y = 0$
- Vertical Asymptote (VA): $x = 0$
- Key points: $(1/e, -1)$, $(1, 0)$, $(e, 1)$

The curves are reflections of each other across the dashed line $y = x$, which represents the line of symmetry. A green arrow indicates the interchange of x and y between the two functions.

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Logarithm function: Rule #1

Two eq version: If $f(x) = \ln(x)$, then $f'(x) = \frac{1}{x}$

Sing eq version: $\frac{d}{dx} \ln(x) = \frac{1}{x}$

Logarithmic functions with bases other than e may also be differentiated.

Logarithm function: Rule #2

Two eq version: If $f(x) = \log_b(x)$, then $f'(x) = \frac{1}{x \ln(b)}$

Sing eq version: $\frac{d}{dx} \log_b(x) = \frac{1}{x \ln(b)}$

Notes

EXAMPLE 2

Find the derivative of the following functions.

- 1 $f_1(x) = 5 \ln(x)$
- 2 $f_2(x) = x^2 + 3 \ln(x)$
- 3 $f_3(x) = 10 - \ln(x)$
- 4 $f_4(x) = x^4 - \ln x^4$

$$f_1'(x) = \frac{5}{x}$$
$$f_2'(x) = 2x + \frac{3}{x}$$
$$f_3'(x) = \frac{-1}{x}$$
$$f_4'(x) = 4x^3 - \frac{4}{x}$$

Before taking the last derivative, we rewrite $f(x)$ using a property of logarithms: $\ln x^4 = 4 \ln x$

Notes

EXERCISES

Find the derivative of the following functions.

- 1 $y = 12 \ln(x)$
- 2 $f(x) = 12 \log_{13}(x)$
- 3 $f(x) = 12 \log(x)$
- 4 $f(x) = 12 \ln(13)$
- 5 $f(x) = 12 \ln(13x)$
- 6 $y = \ln(x^{10}) + \ln(x^3)$
- 7 $f(x) = \ln(2x^{15})$

Notes

EXERCISES

- 1 Simplify and calculate

$$\left(\frac{1}{49}\right)^{-\frac{3}{5}}, \left(\frac{1}{3}\right)^{-0.8}, \left(\frac{32}{243}\right)^{-\frac{2}{5}}, (0.64)^{-0.5}, \left(\frac{27}{64}\right)^{\frac{3}{8}}, \sqrt[3]{0.078125}, \frac{\sqrt[3]{2}\sqrt[3]{64^3}\sqrt[3]{8^5}}{\sqrt[3]{16}\sqrt[3]{16^4}\sqrt[3]{2048}}$$

- 2 Draw graphs of the following functions:
 $f_1(x) = x^2, f_2(x) = x^3, f_3(x) = x^{-1}, f_4(x) = x^{-2}$
- 3 Write the equations of tangents to curves representing the functions at the points $x = 1$ and $x = -2$. Plot these tangents.
- 4 Simplify the following expressions:

$$\frac{1}{\ln(10)} \ln(10^x), \log(2) + \ln(0.5), \ln[\ln(10^{e^x})], \ln(10) \log_{10}(e^{10}).$$

Notes

4-2 Derivatives of Exponential and Logarithmic Functions

1.

$$\begin{array}{lll} \left(\frac{1}{49}\right)^{-\frac{3}{2}} & \left(\frac{1}{32}\right)^{-0.8} = \left(\frac{1}{32}\right)^{-\frac{4}{5}} & \left(\frac{32}{243}\right)^{-\frac{2}{5}} = \left(\frac{2^5}{3^5}\right)^{-\frac{2}{5}} \\ & = 32^{4/5} & = \left(\frac{2}{3}\right)^{-2} \\ & = (7^{\frac{1}{2}})^{\frac{3}{2}} & = \left(\frac{3}{2}\right)^2 \\ & = 7^3 & = \frac{9}{4} \\ & = 343 & = 2.25 \end{array}$$

4-2 Derivatives of Exponential and Logarithmic Functions

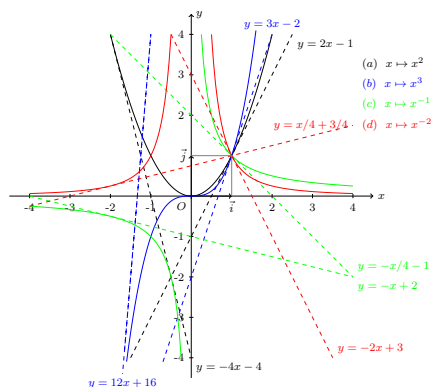
$$\begin{array}{lll}
 (0.64)^{-0.5} = \left(\frac{64}{100}\right)^{-1/2} & \left(\frac{27}{64}\right)^{2/3} = \left(\frac{3^3}{4^3}\right)^{2/3} & \sqrt[7]{0.078125} = 0.078125^{1/7} \\
 = \left(\frac{8^2}{10^2}\right)^{-1/2} & = \left(\frac{3}{4}\right)^2 & = \left(\frac{5^7}{10^7}\right)^{1/7} \\
 = \left(\frac{8}{10}\right)^{-1} & = \frac{9}{16} & = \frac{5}{10} \\
 = \frac{5}{4} & = 0.5625 & = \frac{1}{2} \\
 = 1.25 & &
 \end{array}$$

4-2 Derivatives of Exponential and Logarithmic Functions

$$\begin{aligned} \frac{\sqrt[3]{2}\sqrt[4]{643}\sqrt[2]{85}}{\sqrt[3]{16}\sqrt[4]{16^3}\sqrt[2]{2048}} &= \frac{2^{1/3}64^{3/5}8^{5/4}}{16^{1/5}16^{3/4}32048^{1/20}} \\ &= \frac{2^{1/3}2^{18/5}2^{15/4}}{2^{4/5}2^{16/3}2^{11/20}} \\ &= 2^{1/3-16/3}2^{18/5-4/5}2^{75/20-11/20} \\ &= 2^{-5}2^{14/5}2^{16/5} \\ &= 2^{-5}2^6 \\ &= 2 \end{aligned}$$

4-2 Derivatives of Exponential and Logarithmic Functions

2.



Notes

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Notes

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Notes

[illegible]

Notes

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4-2 Derivatives of Exponential and Logarithmic Functions

3.

$$y = 2x - 1, y = 3x - 2, y = -x + 2, y = -2x + 3.$$

$$y = -4x - 4, y = 12x + 16, y = -x/4 - 1, y = x/4 + 3/4.$$

4.

$$\begin{aligned}\frac{1}{\ln(10)} \ln(10^x) &= \frac{1}{\ln(10)} x \ln(10) \\ &= x\end{aligned}$$

$$\begin{aligned}\ln(2) + \ln(0.5) &= \ln(2) + \ln\left(\frac{1}{2}\right) \\ &= \cancel{\ln(2)} + \ln(1) - \cancel{\ln(2)} \\ &= 0\end{aligned}$$

$$\begin{aligned}\ln[\ln(10^{e^x})] &= \ln[e^x \ln(10)] \\ &= \ln(e^x) + \ln[\ln(10)] \\ &= x + \ln[\ln(10)]\end{aligned}$$

$$\begin{aligned}\ln(10) \log_{10}(e^{10}) &= \ln(10) \frac{\ln(e^{10})}{\ln(10)} \\ &= 10 \ln(e) \\ &= 10\end{aligned}$$

4-3 Derivatives of Products and Quotients

- Find the derivative of the **product** of two functions
- Find the derivative of the **quotient** of two functions

4-3 Derivatives of Products and Quotients

Goal: take the derivative of a **product** of functions $f(x) \cdot g(x)$

The obvious way:

~~$$\frac{d}{dx}(f(x) \cdot g(x)) = \left(\frac{d}{dx}f(x)\right) \left(\frac{d}{dx}g(x)\right)$$~~

is wrong!!

The Product Rule

$$\begin{aligned}\frac{d}{dx}(f(x) \cdot g(x)) &= \left(\frac{d}{dx}f(x)\right)g(x) + f(x)\left(\frac{d}{dx}g(x)\right) \\ &= f'(x) \cdot g(x) + f(x) \cdot g'(x)\end{aligned}$$

In words: The derivative of the product of two functions is the first function times the derivative of the second function plus the second function times the derivative of the first function.

4-3 Derivatives of Products and Quotients

Find the derivative of

$$f(x) = (-3x^2 + 5x - 7) \cdot (3x - 2)$$

using the product rule.

$$\begin{aligned} f'(x) &= \left(\frac{d}{dx} (-3x^2 + 5x - 7) \right) \cdot (3x - 2) + (-3x^2 + 5x - 7) \cdot \left(\frac{d}{dx} (3x - 2) \right) \\ &= (-6x + 5) \cdot (3x - 2) + (-3x^2 + 5x - 7) \cdot (3) \\ &= -18x^2 + 12x + 15x - 10 - 9x^2 + 15x - 21 \\ &= -27x^2 + 42x - 31 \end{aligned}$$

Notes

Notes

Notes

Notes

4. Additional Derivative Topics

4-3 Derivatives of Products and Quotients

EXAMPLE 2

Find the derivative of

f(x) = (-3x^2 + 5x - 7) \cdot e^x

using the product rule.

f'(x) = d/dx ((-3x^2 + 5x - 7) \cdot e^x)
= (d/dx (-3x^2 + 5x - 7)) \cdot e^x + (-3x^2 + 5x - 7) d/dx e^x
= (-6x + 5)e^x + (-3x^2 + 5x - 7)e^x
= ((-6x + 5) + (-3x^2 + 5x - 7)) e^x
= (-3x^2 - x - 2)e^x

Notes

Handwritten notes area for Example 2.

4. Additional Derivative Topics

4-3 Derivatives of Products and Quotients

EXAMPLE 3

- 1 Find the derivative of f(x) = 5x^2 ln(x)
- 2 Find f'(1) and f'(e)

f'(x) = d/dx (5x^2 ln(x))
= (d/dx 5x^2) ln(x) + (5x^2) (d/dx ln(x))
= (10x) ln(x) + (5x^2) 1/x
= 10x ln(x) + 5x
= 5x(2 ln(x) + 1)

f'(1) = 5 \cdot 1(2 ln(1) + 1) = 5
f'(e) = 5 \cdot e(2 ln(e) + 1) = 15e

Notes

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4. Additional Derivative Topics

4-3 Derivatives of Products and Quotients

THEOREM 2: The Quotient Rule

Goal: take the derivative of a quotient of functions Top(x)/Bot(x)

The obvious way:

(d/dx Top(x) / d/dx Bot(x)) = (d/dx Top(x)) / (d/dx Bot(x))

is wrong!!

The Quotient Rule

d/dx Top(x) / Bot(x) = (d/dx Top(x) Bot(x) - Top(x) d/dx Bot(x)) / (Bot(x))^2

In words: The derivative of the quotient of two functions is the bottom function times the derivative of the top function minus the top function times the derivative of the bottom function, all over the bottom function squared

Notes

Handwritten notes area for Theorem 2.

4. Additional Derivative Topics

4-3 Derivatives of Products and Quotients

EXAMPLE 4

Find the derivative of

f(x) = (5x^2 - 1) / (2x - 3)

using the Quotient Rule.

f'(x) = ((5x^2 - 1) / (2x - 3))'
= (5x^2 - 1)'(2x - 3) - (5x^2 - 1)(2x - 3)' / (2x - 3)^2
= (10x)(2x - 3) - (5x^2 - 1)(2) / (2x - 3)^2
= (20x^2 - 30x - 10x^2 + 2) / (2x - 3)^2
= (10x^2 - 30x - 2) / (2x - 3)^2

Notes

Handwritten notes area for Example 4.

4. Additional Derivative Topics

4-3 Derivatives of Products and Quotients

EXERCISES

1. Let $f(x) = 7(x^2 + 3x + 5)$
- a) Find $f'(x)$, using the Product Rule to deal with the 7 in front.
- b) Start over. Find $f'(x)$ again, this time using the Constant Multiple Rule.
2. Let $f(x) = \frac{x^2+3x+5}{7}$
- a) Find $f'(x)$, using the Quotient Rule.
- b) Start over. Find $f'(x)$ again, this time using the Constant Multiple Rule.
3. Find the derivative of $f(x) = \frac{e^x}{3x^3-5}$.
4. Find the derivative of $f(x) = \frac{2x}{3^x}$.
5. Suppose a factory worker can assemble $I(t) = \frac{90t^2}{t^2+2}$ items after t days of training.
- a) Find $I(5)$ and $I'(5)$ and interpret the meaning of these values in the context of the problem.
- b) Use the results from part a to estimate the number of items the worker will be able to assemble after 7 days of training.

Notes

4. Additional Derivative Topics

4-3 Derivatives of Products and Quotients

EXERCISES

1. Use the product rule or quotient rule to find $f'(x)$
- a) $f(x) = x^4(3x - 1)$
- b) $f(x) = e^x \ln(x)$
- c) $f(x) = \frac{x^2}{7x+8}$
2. Find the values of x where $f'(x) = 0$ for $f(x) = \frac{4-2x}{x^2+1}$
3. Find the indicated derivative and simply
- a) $\frac{d}{dx} 3^x x^3$
- b) $\frac{d}{dx} \frac{x \ln x}{x+1}$
4. Find the equation of tangent line to $g(x) = x \ln x$ at $x = 1$
5. Let
$$f(x) = \frac{x}{x^2 + 25}$$
- a) Find $f'(x)$ and $f'(0)$.
- b) Find the x -coordinate of all points on the graph of f that have horizontal tangent lines.

Notes

4. Additional Derivative Topics

4-3 Derivatives of Products and Quotients

3.

$$\begin{aligned} \frac{d}{dx} 3^x x^3 &= 3^x x^2 (3 + x \ln(x)) \\ \frac{d}{dx} \frac{x \ln x}{x+1} &= \frac{\ln x - x + 1}{(x+1)^2} \end{aligned}$$

4. $y = x - 1$

5.

- a) $f'(x) = \frac{-(x^2-25)}{(x^2+25)^2}$, $f'(0) = \frac{1}{25}$, this tells us that at $x = 0$, the tangent line has slope $m = \frac{1}{25}$.
- b) Horizontal lines have **known** slope $m = 0$. But we know that $m = f'(a)$ where " a " is the x -coord of the point of tangency. So we want to know all values of " a " such that $f'(a) = 0$. We can just set $f'(x) = 0$ and solve for x .

$$\frac{-(x^2 - 25)}{(x^2 + 25)^2} = 0$$

Consider the denominator first: $x^2 \geq 0$ always!
so $x^2 + 25 \geq 25$ always.
so denominator $(x^2 + 25)^2 \geq 25^2$ always.
So the denominator will never be zero.

Notes

4. Additional Derivative Topics

4-3 Derivatives of Products and Quotients

Now consider the numerator:
we need numerator= 0

$$\begin{aligned} -(x^2 - 25) &= 0 \\ x^2 - 25 &= 0 \\ (x + 5)(x - 5) &= 0 \end{aligned}$$

This equation has two solutions: $x = 5$ and $x = -5$.
Conclusion: The graph of f has horizontal tangent lines at $x = -5$ and $x = 5$.

Notes

4-4 The Chain Rule

- Identify and define composite functions.
- Use the general power rule when appropriate to find the derivative of functions.
- Use the chain rule to find the derivative of composite functions.

4-4 The Chain Rule

A function m is a **composite** of functions f and g if

$$m(x) = (f \circ g)(x) = f[g(x)]$$

The domain of m is the set of all numbers x such that x is in the domain of g and $g(x)$ is in the domain of f .

$$f(x) = x + \frac{1}{x}, g(x) = \frac{x+1}{x+2}$$

$$\begin{aligned} f[g(x)] &= \frac{x+1}{x+2} + \frac{1}{\frac{x+1}{x+2}} \\ &= \frac{x+1}{x+2} + \frac{x+2}{x+1} \\ &= \frac{(x+1)(x+1) + (x+2)(x+2)}{(x+1)(x+2)} \\ &= \frac{2x^2 + 6x + 5}{(x+1)(x+2)} \end{aligned}$$

4-4 The Chain Rule

We have already made extensive use of the power rule:

$$\frac{d}{dx}x^n = nx^{n-1}$$

Now we want to generalize this rule so that we can differentiate composite functions of the form $[u(x)]^n$.

Is the power rule still valid if we replace x by a function $u(x)$?

Let $u(x) = 3x^3$ and $f(x) = [u(x)]^3 = (3x^3)^3 = 27x^9$. Which of the following is $f'(x)$?

(a) $3[u(x)]^2$, (b) $3[u'(x)]^2$, (c) $3[u(x)]^2 u'(x)$

We know that $f'(x) = 243x^8$

- (a) $3[u(x)]^2 = 3(3x^3)^2 = 27x^6$. This is not correct
- (b) $3[u'(x)]^2 = 3(9x^2)^2 = 243x^4$. This is not correct
- (c) $3[u(x)]^2 u'(x) = 27x^6 9x^2 = 243x^8$. This is correct

4-4 The Chain Rule

What we have seen is an example of the **generalized power rule**: if u is a function of x , then

$$\frac{d}{dx}u^n = nu^{n-1}\frac{du}{dx}$$

For example, $\frac{d}{dx}(x^2 + 3x + 5)^3 = 3(x^2 + 3x + 5)^2(2x + 3)$
Here u is $x^2 + 3x + 5$ and $\frac{du}{dx} = 2x + 3$.

We have used the generalized power rule to find derivatives of composite functions of the form $f(g(x))$ where $f(u) = u^n$ is a power function. But what if f is not a power function?

It is a more general rule, the **chain rule**, that enables us to compute the derivatives of many composite functions of the form $f(g(x))$.

Notes

[illegible]

Notes

[illegible]

Notes

[illegible]

Notes

[illegible]

4-4 The Chain Rule

Goal: Find the derivative of a **nested** function.
That is a function of the form

The Chain Rule

If $y = f(u)$ and $u = g(x)$ define the composite function $y = m(x) = f(u) = f[g(x)]$, then

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4-4 The Chain Rule

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4-4 The Chain Rule

1. Find the derivatives of the following functions:

c) Find x -coordinates of all points of f that have horizontal tangent lines.

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4-4 The Chain Rule

1. Write each composite function in the form $y = f(u)$ and $u = g(x)$

2. Use the Chain Rule to find $\frac{dy}{dx}$ for the composite functions in 1.

4. Find the indicated derivative and simplify.

5. The amount of money in Lori's savings account after t years can be modeled by the equation $A = 10,000(1.008)^{4t}$. Find $A(5)$ and $A'(5)$ and interpret the results in the context of the problem

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Notes

[illegible]

Notes

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Notes

[illegible]

Notes

[illegible]

4-4 The Chain Rule

1.

a) $y = u^5, u = x + 2x^2$

b) $y = e^u, u = 9x + 8$

c) $y = \ln(u), u = 19 - 7x$

2.

a) $\frac{dy}{dx} = 5u^4 u' = 5(x^3 + 2x^2)^4 (3x^2 + 4x)$

$$\text{b) } \frac{dy}{dx} = u' e^u = 9e^{9x+8}$$

$$\text{c) } \frac{dy}{dx} = \frac{u'}{u} = \frac{-7}{19-7x}$$

3.

a) $h(x) = \sqrt[3]{3x-1} = (3x-1)^{1/3}, h'(x) = \frac{1}{3}(3x-1)^{-2/3} \cdot 3 = \frac{1}{(3x-1)^{2/3}}$

b) $h'(x) = \frac{8x-21x^2}{2x^4-7x^3+1}$

c) $h'(x) = 4xe^{2x^2-1}$

4.

$$\text{a) } \frac{d}{dx} \frac{\ln(2x)}{x^2} = \frac{\frac{1}{x} x^2 - \ln(2x) 2x}{x^4} = \frac{x - 2x \ln(2x)}{x^4} = \frac{1 - 2 \ln(2x)}{x^3}$$

4-4 The Chain Rule

b)

$$\begin{aligned} \frac{d}{dw} \frac{w}{\sqrt{4w+2}} &= \frac{1(4w+2)^{1/2} - w \cdot \frac{1}{2} \cdot 4(4w+2)^{-1/2}}{(4w+2)} \\ &= (4w+2)^{-1/2} - 2w(4w+2)^{-3/2} \\ &= \frac{(4w+2) - 2w}{(4w+2)^{3/2}} \\ &= \frac{2w+2}{(4w+2)^{3/2}} \end{aligned}$$

4-5 Implicit Differentiation

- Use implicit differentiation to determine derivatives.

4-5 Implicit Differentiation

So far, the equation of a curve has been specified in the form

$$y = x^2 - 5x, \quad \text{or} \quad f(x) = x^2 - 5x$$

This is called the **explicit form**. y is given as a function of x .

However, graphs can also be specified by equations of the form $F(x, y) = 0$

$$F(x, y) = x^2 + y^2 - 1 = 0$$

This is called the **implicit form**. You may or may not be able to solve for y .

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Notes

Notes

Notes

Notes

4. Additional Derivative Topics

4-5 Implicit Differentiation

Explicit and Implicit Differentiation

Consider the equation

y = x^2 - 5x

We can use the derivative to find y'

y' = 2x - 5

This is called explicit differentiation.

We can also rewrite the original equation as

F(x, y) = x^2 - 5x - y = 0

one can totally differentiate this equation.

This is called implicit differentiation.

Notes

4. Additional Derivative Topics

4-5 Implicit Differentiation

EXAMPLE 1

Consider the equation

x^2 - 5x - y = 0

We will now differentiate both sides of the equation with respect to x, and keep in mind that y is supposed to be a function of x.

d/dx [x^2 - 5x - y] = d/dx 0
2x - dy/dx - 5 = 0
dy/dx = 2x - 5

This is the same answer we got by explicit differentiation on the previous slide.

Notes

4. Additional Derivative Topics

4-5 Implicit Differentiation

EXAMPLE 2

Consider the equation

x^2 - 3xy + 4y = 0

and differentiate implicitly.

d/dx [x^2 - 3xy + 4y] = d/dx 0
d/dx x^2 - d/dx 3xy + d/dx 4y = 0
2x - 3xy' - 3y + 4y' = 0

Notice we used the product rule for the xy term.

Solve for y'

(3x - 4)y' = 2x - 3y
y' = (2x - 3y) / (3x - 4)

Notes

4. Additional Derivative Topics

4-5 Implicit Differentiation

EXAMPLE 3

Consider the equation

x^2 - 3xy + 4y = 0

and find the equation of the tangent at (1, -1).

- 1 Confirm that (1, -1) is a point on the graph.
- 2 Use the derivative from ex2 to find the slope of the tangent.
- 3 Use the point slope formula for the tangent.

1 1^2 - 3(1)(-1) + 4(-1) = 1 + 3 - 4 = 0.

2 m = (2*1 - 3*(-1)) / (3*1 - 4) = 5 / -1 = -5.

3

y - (-1) = -5(x - 1)
y = -5x + 4

Notes

4. Additional Derivative Topics

4-5 Implicit Differentiation

EXAMPLE 4

Consider the equation $xe^x + \ln y + 3y = 0$ and differentiate implicitly.

$$\begin{aligned}\frac{d}{dx}[xe^x + \ln y + 3y] &= \frac{d}{dx}0 \\ \frac{d}{dx}xe^x + \frac{d}{dx}\ln y + \frac{d}{dx}3y &= 0 \\ xe^x + e^x + \frac{y'}{y} + 3y' &= 0\end{aligned}$$

Notice we used both the product rule (for the xe^x term) and the chain rule (for the $\ln y$). Solve for y' :

$$\begin{aligned}\frac{y'}{y} + 3y' &= -e^x(x + 1) \\ y'(\frac{1}{y} + 3) &= -e^x(x + 1) \\ y' &= \frac{-e^x(x + 1)}{\frac{1}{y} + 3}\end{aligned}$$

Notes

4. Additional Derivative Topics

4-5 Implicit Differentiation

NOTES

Why are we interested in implicit differentiation?

Why don't we just solve for y in terms of x and differentiate directly?

The answer is that there are many equations of the form $F(x, y) = 0$ that are either difficult or impossible to solve for y explicitly in terms of x , so to find y' under these conditions, we differentiate implicitly.

Notes

4. Additional Derivative Topics

4-5 Implicit Differentiation

EXAMPLE 5

An example of an implicit function, for which implicit differentiation might be easier than attempting to use explicit differentiation, is

$$x^4 + 2y^2 = 8$$

In order to differentiate this explicitly with respect to x , one would have to obtain (via algebra)

$$y = f(x) = \pm \sqrt{\frac{8 - x^4}{2}}$$

and then differentiate this function. This creates two derivatives: one for $y > 0$ and another for $y < 0$.

One might find it substantially easier to implicitly differentiate the original function:

$$\begin{aligned}4x^3 + 4y \frac{dy}{dx} &= 0 \\ \frac{dy}{dx} &= \frac{-4x^3}{4y} = \frac{-x^3}{y}\end{aligned}$$

Notes

4. Additional Derivative Topics

4-5 Implicit Differentiation

EXAMPLE 6

Sometimes standard explicit differentiation cannot be used and, in order to obtain the derivative, implicit differentiation must be employed. An example of such a case is the equation:

$$y^5 - y = x$$

It is impossible to express y explicitly as a function of x and therefore $\frac{dy}{dx}$ cannot be found by explicit differentiation. Using the implicit method, $\frac{dy}{dx}$ can be expressed:

$$\begin{aligned}5y^4 \frac{dy}{dx} - \frac{dy}{dx} &= \frac{dx}{dx} \\ \frac{dy}{dx}(5y^4 - 1) &= 1 \\ \frac{dy}{dx} &= \frac{1}{5y^4 - 1}\end{aligned}$$

Notes

4. Additional Derivative Topics

4-5 Implicit Differentiation

EXERCISES

1. Differentiate the following equations implicitly and then solve for y' . To check your answer, solve the following equations for y and then differentiate directly.
- a. $2x + 3y - 4 = 0$
 - b. $3x^3 - y = 10$
 - c. $5x^5 + 2y - 1 = 0$
2. Use implicit differentiation to find y' and evaluate y' at the indicated point.
- a. $2x - xy = 3$; $(1, -1)$
 - b. $x^3y - y^3 + 8 = 0$; $(0, 2)$
 - c. $ye^x - x + 4 = 3y$; $(0, 2)$
3. Find the equation of the tangent line to the graphs of the indicated equations at the given point.
- a. $x^2 - 4xy - 3 = 0$; $(1, -\frac{1}{2})$
 - b. $x^2y + x - 10 = 0$; $(2, 2)$
4. Find the slope of the line(s) tangent to the graph of $(y - x)^3 - y = x^2$ at $x = 0$.

Notes

4. Additional Derivative Topics

4-5 Implicit Differentiation

EXERCISES

1. Use implicit differentiation to find y'
- a. $x^3 + y^3 = 4$
 - b. $(x - y)^2 = x + y - 1$
 - c. $y = x^2y^3 + x^3y^2$
 - d. $e^{xy} = e^{4x} - e^{5y}$
 - e. $x = \sqrt{x^2 + y^2}$
 - f. $\frac{x-y^3}{y+x^2} = x + 2$
2. Find an equation of the line tangent to the graph of $(x^2 + y^2)^3 = 8x^2y^2$ at the point $(-1, 1)$.
3. Find an equation of the line tangent to the graph of $x^2 + (y - x)^3 = 9$ at $x = 1$

Notes

4. Additional Derivative Topics

4-5 Implicit Differentiation

c.

$$y' - 3x^2y^2y' - 2x^3yy' = 2xy^3 + 3x^2y^2$$
$$y' = \frac{xy^2(2y + 3x)}{1 - x^2y(3y + 2x)}$$

d.

$$\frac{d}{dx}(xy)e^{xy} = 4e^{4x} - \frac{d}{dx}(5y)e^{5y}$$
$$ye^{xy} + xy'e^{xy} = 4e^{4x} - 5y'e^{5y}$$
$$y'(xe^{xy} + 5e^{5y}) = 4e^{4x} - ye^{xy}$$
$$y' = \frac{4e^{4x} - ye^{xy}}{xe^{xy} + 5e^{5y}}$$

Notes

4. Additional Derivative Topics

4-5 Implicit Differentiation

e.

$$1 = \frac{1}{2}(x^2 + y^2)^{-1/2}(2x + 2yy')$$
$$1 = \frac{x + yy'}{\sqrt{x^2 + y^2}}$$
$$\sqrt{x^2 + y^2} = x + yy'$$
$$y' = \frac{\sqrt{x^2 + y^2} - x}{y}$$

Notes

4. Additional Derivative Topics

4-5 Implicit Differentiation

Notes

f. Clear the fraction by multiplying both sides of the equation by $y + x^2$, getting

$$\begin{aligned}x - y^3 &= (x + 2)(y + x^2) \\ &= xy + x^3 + 2y + 2x^2\end{aligned}$$

Now differentiate both sides of the equation

$$\begin{aligned}1 - 3y^2y' &= y + xy' + 3x^2 + 2y' + 4x \\ y'(2 + 3y^2 + x) &= 1 - y - 3x^2 - 4x \\ y' &= \frac{1 - y - 3x^2 - 4x}{2 + 3y^2 + x}\end{aligned}$$

4. Additional Derivative Topics

4-5 Implicit Differentiation

2. Differentiate both sides of the equation, getting

$$\begin{aligned}\frac{d}{dx}((x^2 + y^2)^3) &= \frac{d}{dx}(8x^2y^2) \\ 3(x^2 + y^2)^2(2x + 2yy') &= 16xy^2 + 16x^2yy' \\ 6yy'(x^2 + y^2)^2 - 16y'x^2y &= 16xy^2 - 6x(x^2 + y^2)^2 \\ y' &= \frac{16xy^2 - 6x(x^2 + y^2)^2}{6y(x^2 + y^2)^2 - 16x^2y}\end{aligned}$$

Thus, the slope of the line tangent to the graph at the point $(-1, 1)$ is

$$m = y' = \frac{16(-1)(1)^2 - 6(-1)((-1)^2 + 1^1)^2}{6(1)((-1) + 1^2)^2 - 16(-1)^2(1)} = \frac{8}{8} = 1$$

and the equation of the tangent line is

$$y - (1) = (1)(x - (-1))$$

or

$$y = x + 2$$

Notes

4. Additional Derivative Topics

4-5 Implicit Differentiation

3. If $x = 1$, then $1^2 + (y - 1)^3 = 9$, so that

$$\begin{aligned}(y - 1)^3 &= 8 \\ y - 1 &= 2 \\ y &= 3\end{aligned}$$

and the tangent line passes through the point $(1, 3)$.

Now differentiate both sides of the original equation, getting

$$\begin{aligned}\frac{d}{dx}[x^2 + (y - x)^3] &= \frac{d}{dx}9 \\ 2x + 3(y - x)^2(y' - 1) &= 0 \\ 3(y - x)^2(y' - 1) &= -2x + 3(y - x)^2 \\ y' &= \frac{-2x + 3(y - x)^2}{3(y - x)^2}\end{aligned}$$

Thus the slope of the line tangent to the graph at $(1, 3)$ is

$$m = y' = \frac{3(3 - 1)^2 - 2(1)}{3(3 - 1)^2} = \frac{10}{12} = \frac{5}{6}$$

and the equation of the tangent is: $y - (3) = \frac{5}{6}(x - 1)$, $y = \frac{5}{6}x + \frac{13}{6}$

Notes

4. Additional Derivative Topics

4-6 Related Rates

Notes

Learning Objectives

- To solve applications involving related rates.

Introduction:

Related rate problems involve generally three variables: an independent variable (often $t = \text{time}$), and two dependent variables.

The goal is to find a formula for the rate of change of one of the independent variables in terms of the rate of change of the other one.

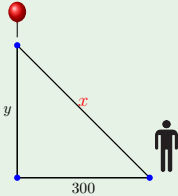
These problems are solved by using a relationship between the variables, differentiating it, and solving for the term you want.

EXAMPLE 1

A weather balloon is rising vertically at the rate of 5 meters per second. An observer is standing on the ground 300 meters from the point where the balloon was released. At what rate is the distance between the observer and the balloon changing when the balloon is 400 meters high?

Make a drawing.
The independent variable is time t .
Which quantities that change with time are mentioned in the problem?

- We use, x =distance from observer to balloon,
- y =height of balloon,
- $\frac{dy}{dt}$ is given as $5m/s$,
- $\frac{dx}{dt}$ is the unknown.



EXAMPLE 1

We need a relationship between x and y :

$$x^2 = y^2 + 300^2 \quad (\text{Pythagoras})$$

Differentiate the equation with respect to t :

$$\begin{aligned} \frac{d}{dt}(x^2) &= \frac{d}{dt}(y^2 + 300^2) \\ 2x \frac{dx}{dt} &= 2y \frac{dy}{dt} \end{aligned}$$

We are looking for dx/dt , so we solve for that:

$$\frac{dx}{dt} = \frac{y}{x} \frac{dy}{dt}$$

Now we need values for x , y and dy/dt . Go back to the problem statement:

- $y = 400$; $dy/dt = 5$; $x = \sqrt{300^2 + 400^2} = 500$

So $dx/dt = (400/500)5 = 4m/s$

Solving Related Rate Problems

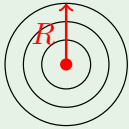
- Step 1. Make a sketch.
- Step 2. Identify all variables, including those that are given and those to be found.
- Step 3. Express all rates as derivatives.
- Step 4. Find an equation connecting variables.
- Step 5. Differentiate this equation.
- Step 6. Solve for the derivative that will give the unknown rate

EXAMPLE 2

A rock is thrown into a still pond and causes a circular ripple. If the radius of the ripple is increasing at 2 feet per second, how fast is the area changing when the radius is 10 feet? (Use $A = \pi R^2$)

Make a drawing.
Which quantities that change with time are mentioned in the problem?

- Let, R =radius is given as 10,
- A =area,
- $\frac{dR}{dt} = 2$,
- $\frac{dA}{dt}$ is the unknown.



EXAMPLE 2

We need a relationship between R and A :

$$A = \pi R^2$$

Differentiate this equation with respect to t :

$$\begin{aligned}\frac{d}{dt}(A) &= \frac{d}{dt}(\pi R^2) \\ \frac{dA}{dt} &= 2\pi R \frac{dR}{dt} \\ \frac{dA}{dt} &= 2\pi 10 \cdot 2 = 40\pi\end{aligned}$$

Example 3: Related Rates in Business

Suppose that for a company manufacturing transistor radios, the cost and revenue equations are given by

$$C = 5,000 + 2x$$

and

$$R = 10x - 0.001x^2$$

where the production output in 1 week is x radios.
If production is increasing at the rate of 500 radios per week when production is 2,000 radios, find the rate of increase in (a) Cost (b) Revenue

These are really two related rates problems, one involving C , x and time t , and one involving R , x , and t .

Differentiate the equations for C and R with respect to time.

$$\frac{dC}{dt} = 2 \frac{dx}{dt} = 2 \cdot 500 = 1000$$

Cost is increasing at the rate of \$1,000 per week.

EXAMPLE 3: Related Rates in Business

$$\begin{aligned}\frac{dR}{dt} &= 10 \frac{dx}{dt} - 0.002x \frac{dx}{dt} \\ &= 10 \cdot 500 - 0.002 \cdot 2000 \cdot 500 \\ &= 3000\end{aligned}$$

Revenue is increasing at the rate of \$3,000 per week.

4. Additional Derivative Topics

4-6 Related Rates

EXERCISES

1. Assuming that $x = x(t)$ and $y = y(t)$ find the indicated rate, given the other information.
- a. $y = 2x^2 - 1$; $\frac{dx}{dt} = 5$ when $x = 1$; find dy/dt .
- b. $x^2 - 2xy - 14 = y$; $\frac{dy}{dt} = 1$ when $x = 2$; and $y = -2$; find dy/dt .
- c. $x^2 + xy + y^2 = 3$; $\frac{dy}{dt} = 3$ when $x = 2$; and $y = -2$; find dx/dt .
2. A point is moving on the graph of $x^2 + y^2 = 10$. When the point is at $(1, 3)$, its y coordinate is increasing by 3 units per second. How fast is the x coordinate changing at that moment?
3. Suppose Kyle and Daniel were each traveling to their respective homes from college. Kyle traveled south at 65 miles per hour while Daniel traveled east at 60 miles per hour. How fast was the distance between Kyle and Daniel changing after 1 hour?

Notes

4. Additional Derivative Topics

4-6 Related Rates

EXERCISES

4. Suppose a 50 foot ladder is resting against a building. If the bottom of the ladder is pulled away from the house at a constant rate of 2 feet per second, then how fast is the top of the ladder sliding down the building when the bottom of the ladder is 10 feet from the house?
5. Suppose a company's total weekly profit from the production of x boxes of customized stationary can be modeled by the equation $P(x) = -0.02x^2 + 21x - 1900$. If production is increasing at the rate of 10 boxes per week when production is 150 boxes, find the rate of increase (or decrease) in profit.
6. A screen saver displays the outline of a $3cm$ by $2cm$ rectangle and then expands the rectangle in such a way that the $2cm$ side is expanding at the rate of $4cm/sec$ and the proportions of the rectangle never change. How fast is the area of the rectangle increasing when its dimensions are $12cm$ by $8cm$?

Notes

4. Additional Derivative Topics

4-6 Related Rates

6. The mathematical model of this problem is a rectangle of varying width x and height y . The independent variable is time t . We are asked to find $\frac{dA}{dt}$ when $x = 12$ and $y = 8$. $\frac{dy}{dt} = 4$ is given. The relationships in the problem are $A = xy$ and $2x = 3y$.

$$\begin{aligned}\frac{dA}{dt} &= \frac{d}{dt}xy \\ &= \frac{dx}{dt}y + x\frac{dy}{dt} \\ &= \frac{dx}{dt}8 + 12 \times 4\end{aligned}$$

Differentiate $2x = 3y$ with respect to t :

$$\begin{aligned}\frac{d}{dt}2x &= \frac{d}{dt}2y \\ 2\frac{dx}{dt} &= 3\frac{dy}{dt} \\ \frac{dx}{dt} &= \frac{3}{2}4 = 6cm/s\end{aligned}$$

$$\frac{dA}{dt} = 6 \times 8 + 12 \times 4 = 96cm/s$$

Notes

4. Additional Derivative Topics

4-7 Elasticity of Demand

Learning Objectives

- Find the relative rate of change of functions.
- Solve applications involving elasticity of demand.

Notes

4. Additional Derivative Topics

4-7 Elasticity of Demand

Relative and Percentage Rates of Change

Remember that $f'(x)$ represents the rate of change of $f(x)$. The **relative rate of change** is defined as

$$\frac{f'(x)}{f(x)}$$

By the chain rule, this equals the derivative of the logarithm of $f(x)$:

$$\frac{f'(x)}{f(x)} = \frac{d}{dx} \ln f(x)$$

The **percentage rate of change** of a function $f(x)$ is

$$100 \cdot \frac{f'(x)}{f(x)} = 100 \cdot \frac{d}{dx} \ln f(x)$$

Notes

4. Additional Derivative Topics

4-7 Elasticity of Demand

EXAMPLE 1

Find the relative rate of change of

$$f(x) = 50x - 0.01x^2$$

The derivative of $\ln f(x)$ is

$$\frac{50 - 0.02x}{50x - 0.01x^2}$$

Notes

4. Additional Derivative Topics

4-7 Elasticity of Demand

EXAMPLE 2

A model for the real GDP (gross domestic product expressed in billions of 1996 dollars) from 1995 to 2002 is given by

$$f(t) = 300t + 6,000$$

where t is years since 1990. Find the percentage rate of change of $f(t)$ for $5 \leq t \leq 12$. The percentage rate of change of $f(t)$ is given by:

$$\begin{aligned} &= 100 \cdot \frac{d}{dx} \ln(300t + 6,000) \\ &= 100 \cdot \frac{300}{300t + 6,000} \\ &= \frac{30,000}{300t + 6,000} \\ &= \frac{100}{t + 20} \end{aligned}$$

The percentage rate of change in 1995 ($t = 5$, $\frac{100}{25}$) is 4%.

Notes

4. Additional Derivative Topics

4-7 Elasticity of Demand

Elasticity of Demand

Elasticity of demand describes how a change in the price of a product affects the demand. Assume that $f(p)$ describes the demand at price p . Then we define

$$\begin{aligned} \text{Elasticity of Demand} &= - \frac{\text{relative rate of change in demand}}{\text{relative rate of change in price}} \\ &= - \frac{\frac{d}{dp} \ln f(p)}{\frac{d}{dp} \ln p} = - \frac{\frac{f'(p)}{f(p)}}{\frac{1}{p}} \\ &= - \frac{pf'(p)}{f(p)} \end{aligned}$$

Notice the minus sign. f and p are always positive, but f' is negative (higher cost means less demand). The minus sign makes the quantity come out positive.

Notes

THEOREM 1: Elasticity of Demand

Given a price-demand equation x = f(p) (that is, we can sell amount x of product at price p), the elasticity of demand is given by the formula

E(p) = -p f'(p) / f(p)

Notes

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Elasticity of Demand Interpretation

Table with 3 columns: E(p), Demand, Interpretation. Rows show conditions for inelastic, elastic, and unit demand.

Notes

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EXAMPLE 3

For the price-demand equation

x = f(p) = 1875 - p^2

determine whether demand is elastic, inelastic or unit for p = 15, 25 and 40.

E(p) = -p f'(p) / f(p) = -p(-2p) / (1875 - p^2) = 2p^2 / (1875 - p^2)

- If p = 15, then E(15) = 0.27 < 1 demand is inelastic
- If p = 25, then E(25) = 1 demand has unit elasticity
- If p = 40, then E(40) = 11.64 > 1 demand is elastic

Notes

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Revenue and Elasticity of Demand

- If demand is inelastic, then consumers will tend to continue to buy even if there is a price increase, so a price increase will increase revenue and a price decrease will decrease revenue.
- If demand is elastic, then consumers will be more likely to cut back on purchases if there is a price increase. This means a price increase will decrease revenue and a price decrease will increase revenue.

Notes

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Elasticity of Demand for Different Products

Different products have different elasticities. If there are close substitutes for a product, or if the product is a luxury rather than a necessity, the demand tends to be elastic. Examples of products with high elasticities are jewellery, furs, or furniture.

On the other hand, if there are no close substitutes or the product is a necessity, the demand tends to be inelastic. Examples of products with low elasticities are milk, sugar, and light bulbs.

Summary

- Elastic demand, price **increase**: total revenue **decreases**
- Elastic demand, price **decrease**: total revenue **increases**
- Inelastic demand, price **increase**: total revenue **increases**
- Inelastic demand, price **decrease**: total revenue **decreases**
- Unit elastic demand: total revenue does not change

EXERCISES

- Find the relative rate of change for the following functions
 - $f(x) = 20x - 1400$
 - $f(x) = x + x \ln 2x$
- Use the price-demand equation to determine whether demand is elastic, inelastic, or has unit elasticity at the indicated values of p .
 - $x = f(p) = 4000 - 3p^2$ when $p = 15, 25, 35$.
 - $x = f(p) = 2000 - 0.02p^2$ when $p = 153, 183, 203$.
- Use the price-demand equation to find the values of p for which demand is elastic and the values for which demand is inelastic: $x = f(p) = \sqrt{289 - 2p}$

EXERCISES

- Use the demand equation to find the revenue function. Sketch the graph of the revenue function, and indicate the regions of inelastic demand on the graph.
 $x = f(p) = 75(p - 10)^2$
- Consider the price-demand equation for a certain washing machine: $510 = p + 0.05x$ where p represents the price (in dollars) when x machines are cleaned.
 - Express the revenue as a function of the price p .
 - Find the elasticity of demand $E(p)$.
 - For which values of p is demand elastic? Inelastic?
 - For which values of p is revenue increasing? Decreasing?
 - If $p = \$50$ and the price is decreased, will revenue increase or decrease?