The Big Mac index

Our interactive currency comparison tool

Jul 10th 2019

The Big Mac index

Choose a base currency

| US dollar ▼ |

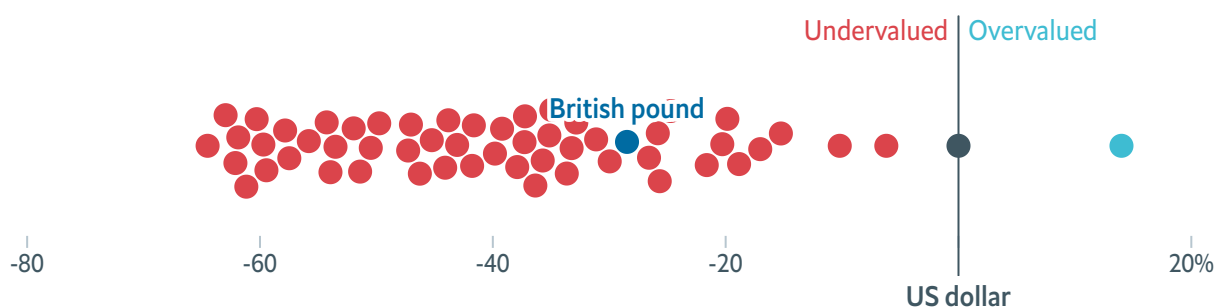Show index at

| Jun 2019 ▼ |

Adjust the index to account
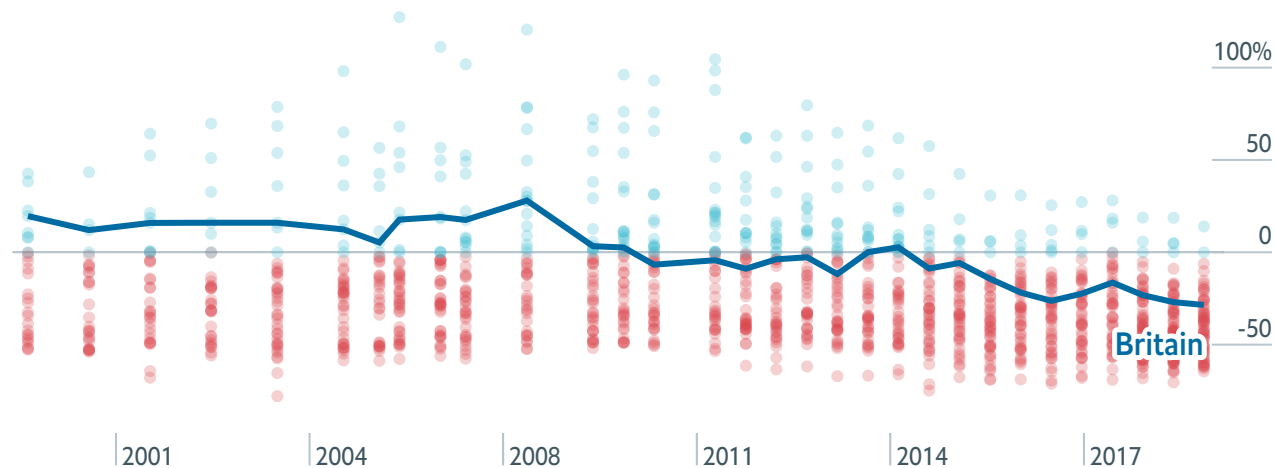for GDP per person

| Raw index | GDP-adjusted |

The British pound is 29% undervalued against the US dollar

June 2019

A Big Mac costs £3.29 in Britain and US$5.74 in the United States. The implied exchange rate is 0.57. The difference between this and the actual exchange rate, 0.80, suggests the British pound is 28.5% undervalued
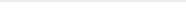

2000-2019
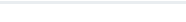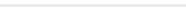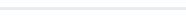
Country		2000 —— 2019	Under/over valued, %
Switzerland	Franc		**14.0**
United States	US$		BASE CURRENCY
Sweden	Krona		**-6.2**
Canada	C$		**-10.2**
Norway	Krone		**-15.4**
Israel	Shekel		**-17.0**
Uruguay	Peso		**-18.8**
Brazil	Real		**-19.9**
Euro area	Euro		**-20.3**
Denmark	Krone		**-21.5**
Lebanon	Pound		**-24.9**
Singapore	S$		**-25.8**
Australia	A$		**-25.8**
New Zealand	NZ$		**-26.3**
Britain	Pound		**-28.5**
UAE	Dirham		**-30.0**
Costa Rica	Colón		**-31.4**
Thailand	Baht		**-32.7**

The Big Mac index - Burgernomics

Country	Currency		Value
Chile	Peso		-33.3
South Korea	Won		-33.6
Czech Rep.	Koruna		-35.0
Bahrain	Dinar		-35.3
Colombia	Peso		-35.8
Sri Lanka	Rupee		-36.5
Kuwait	Dinar		-37.1
Japan	Yen		-37.5
Qatar	Riyal		-37.8
Honduras	Lempira		-38.8
Saudi Arabia	Riyal		-39.6
Croatia	Kuna		-41.9
Nicaragua	Córdoba		-42.2
Guatemala	Quetzal		-43.3

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Country	Currency		Value
Oman	Rial		-45.2
Hungary	Forint		-46.0
Pakistan	Rupee		-46.9
China	Yuan		-46.9
Argentina	Peso		-50.0
Poland	Zloty		-50.6
Vietnam	Dong		-51.3
Philippines	Peso		-51.8
India	Rupee		-53.5
Mexico	Peso		-53.9
Hong Kong	HK$		-54.3
Egypt	Pound		-56.0

~~Egypt~~	~~Pound~~		~~-55.5~~
Turkey	Lira		-57.4
Moldova	Leu		-57.9
Azerbaijan	Manat		-59.4
Taiwan	NT$		-59.8
Indonesia	Rupiah		-60.5
Ukraine	Hryvnia		-61.3
Romania	Leu		-61.6
South Africa	Rand		-61.9
Malaysia	Ringgit		-62.8
Russia	Rouble		-64.5

Sources: McDonald's; Thomson Reuters; IMF; Eurostat; *The Economist*

US price is an average of four cities

Get the data

T HE BIG MAC index was invented by *The Economist* in 1986 as a lighthearted guide to whether currencies are at their "correct" level. It is based on the theory of purchasing-power parity (PPP), the notion that in the long run exchange rates should move towards the rate that would equalise the prices of an identical basket of goods and services (in this case, a burger) in any two countries.

Burgernomics was never intended as a precise gauge of currency misalignment, merely a tool to make exchange-rate theory more digestible. Yet the Big Mac index has become a global standard, included in several economic textbooks and the subject of dozens of academic studies. For those who take their fast food more seriously, we also calculate a gourmet version of the index for 55 countries plus the euro area.

How it works   <u>Raw index</u> / GDP-adjusted
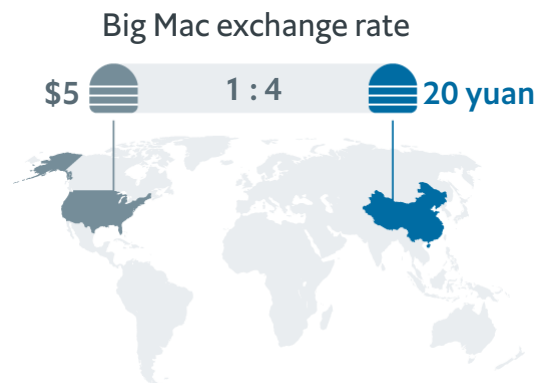
Purchasing-power parity implies that exchange rates are determined by the value of goods that currencies can buy

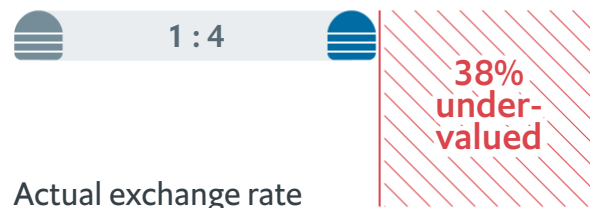Differences in local prices – in our case, for Big Macs – can suggest what the exchange rate should be

Big Mac exchange rate

$5   1 : 4   20 yuan

Using burgernomics, we can estimate how much one currency is under- or over-valued relative to another

Big Mac exchange rate

1 : 4

38% under- valued

Actual exchange rate

$1 = 6.4 yuan


The GDP-adjusted index addresses the criticism that you would expect average burger prices to be cheaper in poor countries than in rich ones because labour costs are lower. PPP signals where exchange rates should be heading in the long run, as a country like China gets richer, but it says little about today's equilibrium rate. The relationship between prices and GDP per person may be a better guide to the current fair value of a currency.

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Read more about the Big Mac index in "The Big Mac index shows currencies are very cheap against the dollar". You can also download the data or read the methodology behind the Big Mac index here.

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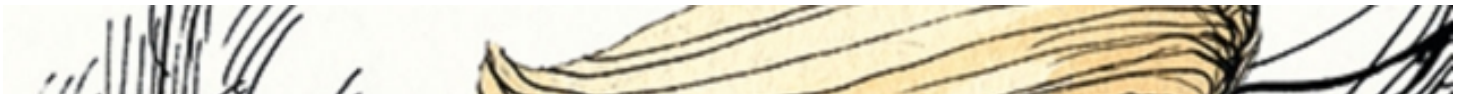
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