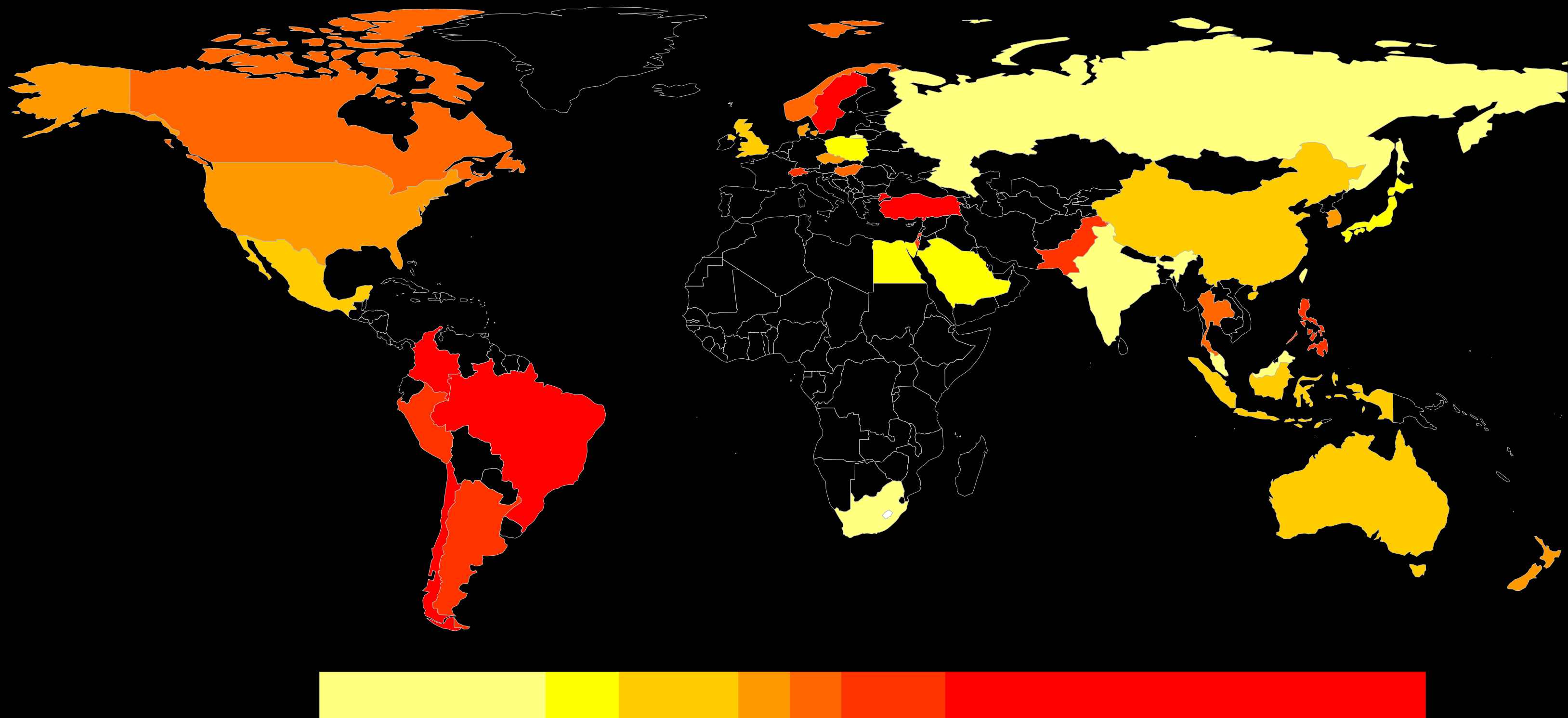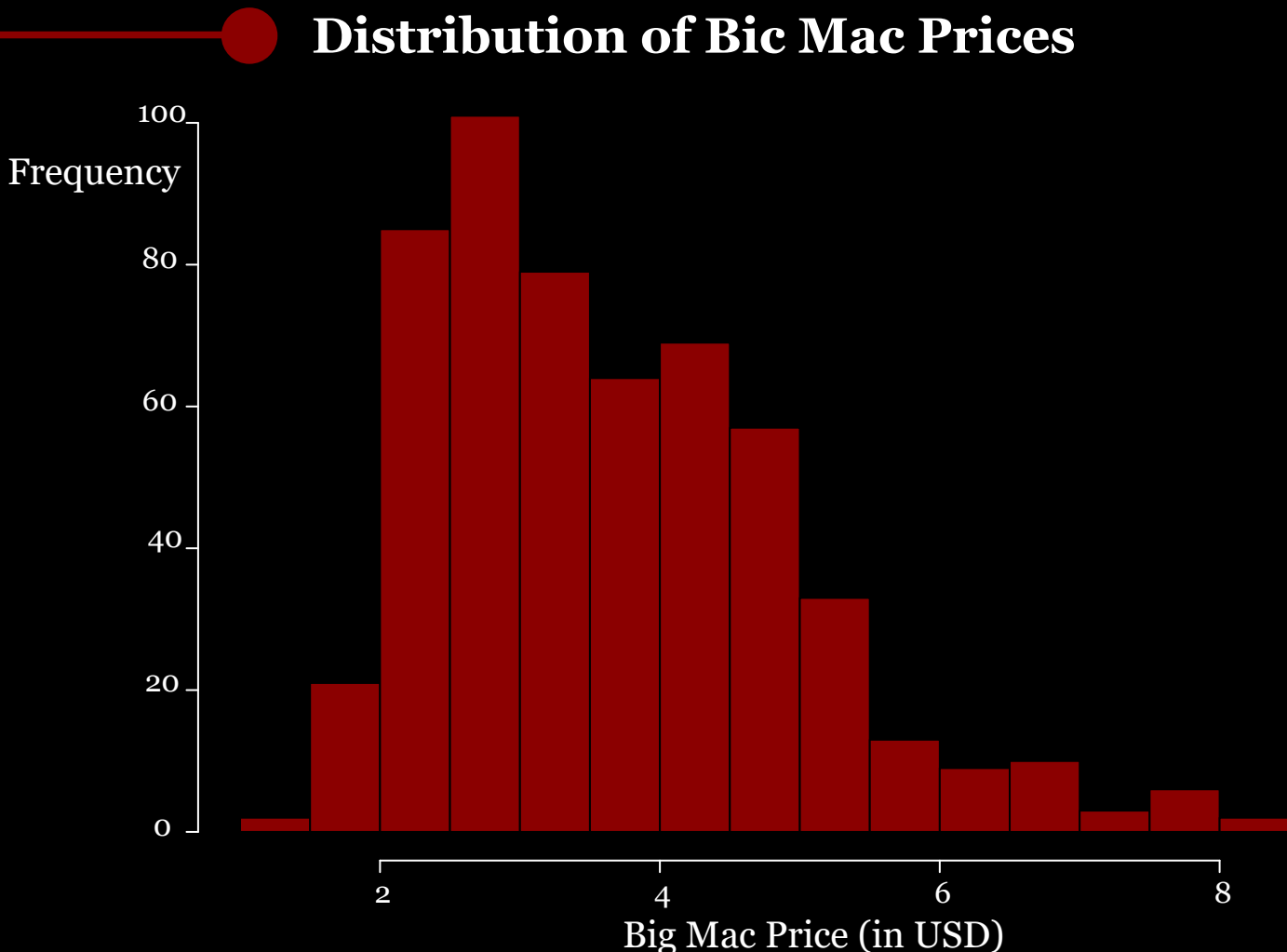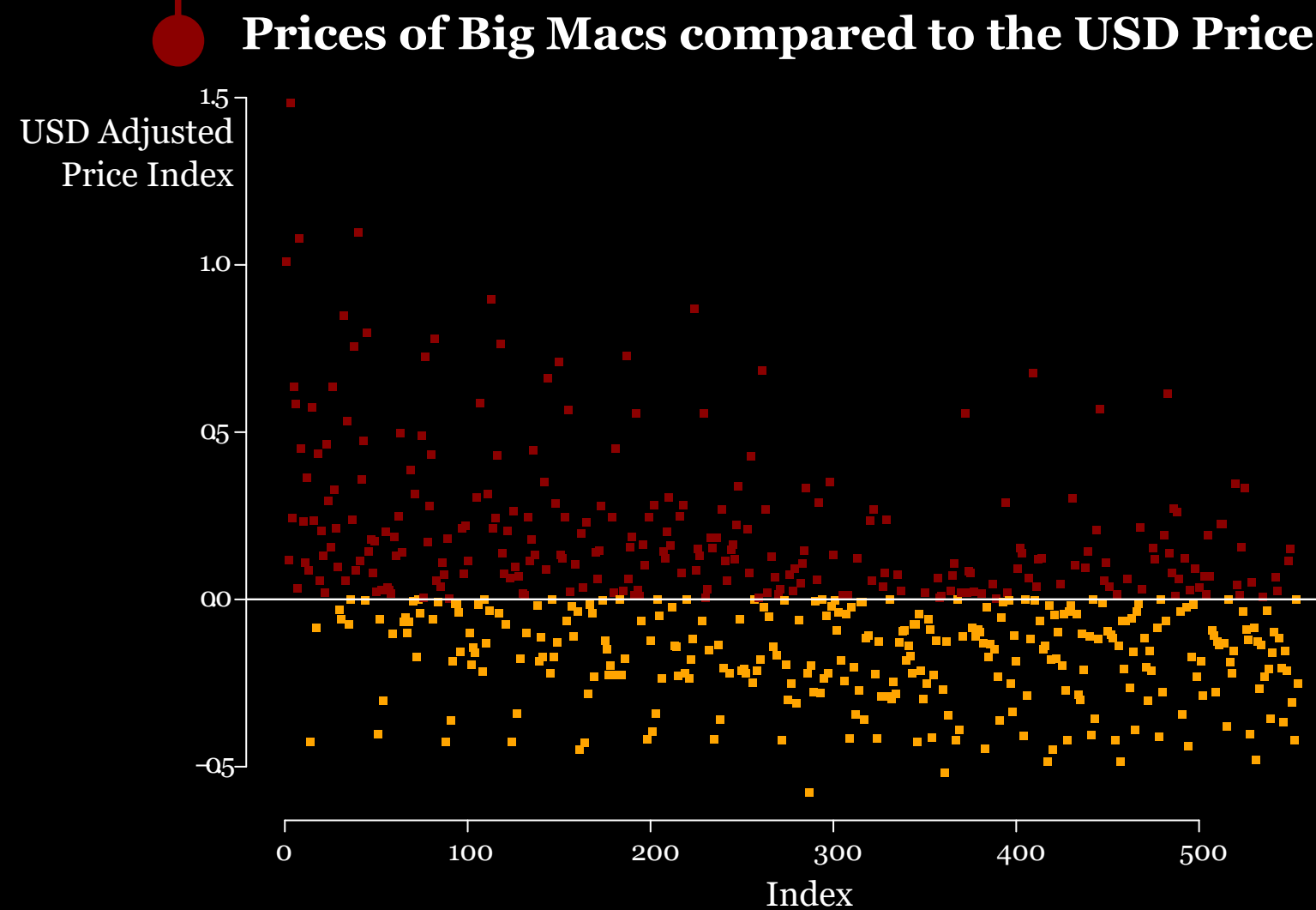# Who Knew the Big Mac Had Such Impact?

McDonald's Big Mac index is a useful tool for understanding currency valuations. Its recipe is the same everywhere, but maintains its popularity on six continents, across a variety of economic substrata. For example, a Big Mac in Russia costs 110 rubles ($1.65) against an unadjusted U.S. price of $5.68. This suggests an undervaluation in the ruble, versus the USD of ~70%. The index can also show the strength of the U.S. dollar, which can lead to other insights when viewed with data outside the scope of this analysis.
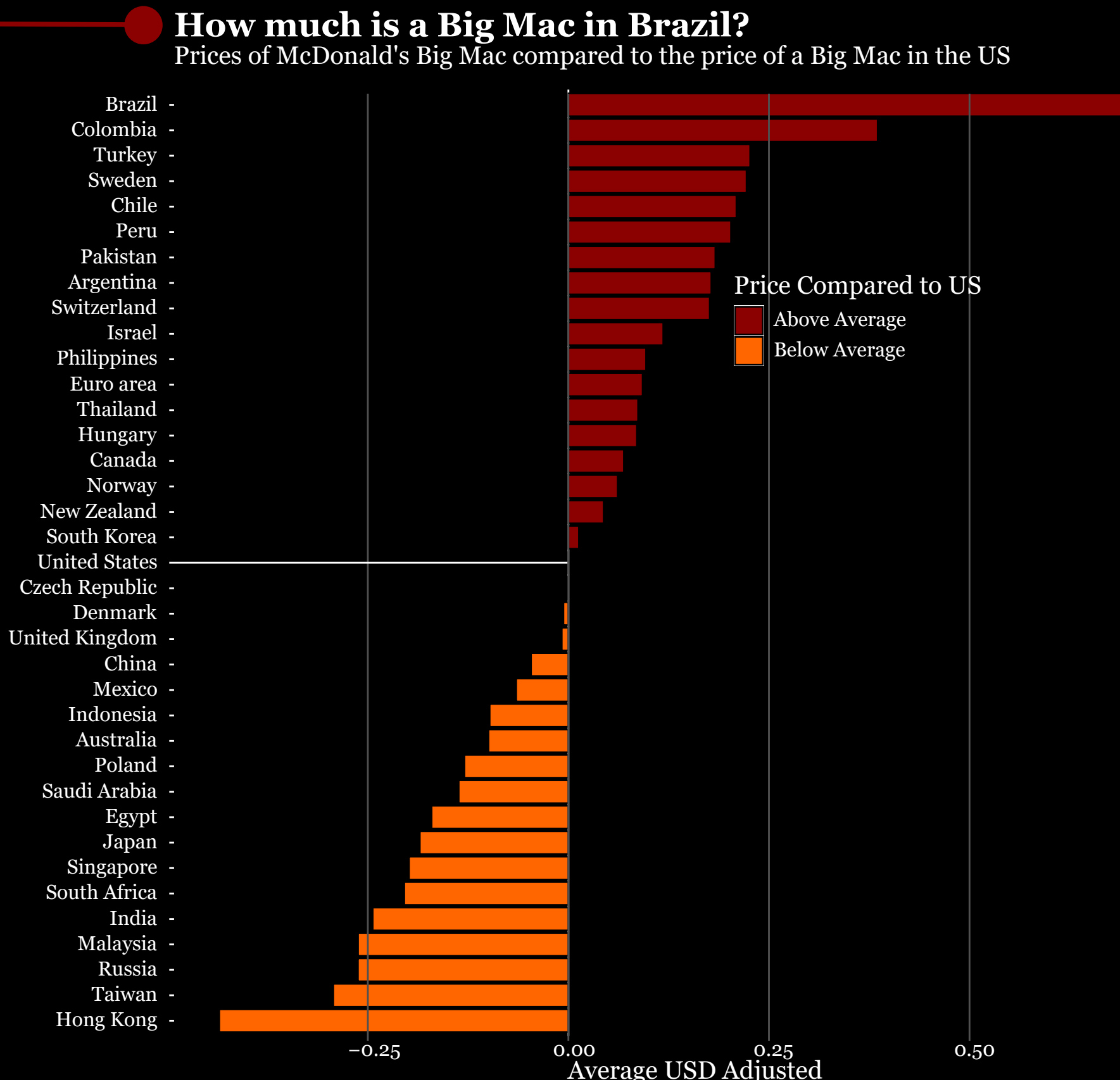
Kirby Hood ~ Jessica Kwon ~ Nate Hoffelmeyer ~ Jack Harris ~ Syracuse University IST 719

−0.435   0.692

Currency valuations around the world versus the USD in Big Mac price terms (2011-2019)

How much is a Big Mac in Brazil?
Prices of McDonald's Big Mac compared to the price of a Big Mac in the US

Price Compared to US
- Above Average
- Below Average

Average USD Adjusted

$

Is there a relationship between a country's status (developed versus developing) and the average price of a Big Mac related to the U.S. Price?

The Big Mac index has been published annually by The Economist since 1986 and is rated as a simplified indicator of a country's individual purchasing power. The original data for this index analysis includes 1,162 rows and 19 attributes.

Data were cleaned to remove NAs, subsetted for certain plots to show "popular" country data, and index adjusted to the U.S. dollar following The Economist's indexing methodology.

GDP

Have Big Mac prices risen or fallen in correlation with the GDP of key countries, or is there no relation between price and national output?

Can Big Mac prices be a proxy for currency inflation?

?

Prices of Big Macs compared to the USD Price

USD Adjusted Price Index

Index

Distribution of Bic Mac Prices

Frequency

Big Mac Price (in USD)

Percent Change in GDP and BM Prices (USD), 2011–2019

Percent

Percent Change in:
- GDP per Capita
- Big Mac Price