

TABLE 10.2 The Big Mac Index

In order to estimate the exchange rate between the dollar and another currency, the index converts into U.S. \$ the price of a Big Mac in the second currency. To appreciate the difference in price in U.S. \$ made by differences in currency valuations, compare the data for the euro area with the data for Switzerland. Note too that of the countries on the list, you can get the best deals on a Big Mac in Malaysia and South Africa.

Country	Big Mac prices		Implied PPP* of the dollar	Actual exchange rate: Jan 30, 2009	Under (-)/over (+) valuation against the dollar, %
	In local currency	In dollars			
United States†	\$3.54	3.54	-	-	-
Argentina	Peso 11.50	3.30	3.25	3.49	-7
Austria	AS3.45	2.19	0.97	1.57	-38
Brazil	Real 8.02	3.45	2.27	2.32	-2
Britain	£2.29	3.30	1.55†	1.44†	-7
Canada	C\$4.16	3.36	1.18	1.24	-5
Chile	Peso 1.550	2.51	4.38	6.17	-29
China	Yuan 12.5	1.83	3.53	5.84	-48
Czech Republic	Koruna 65.94	3.02	18.6	21.9	-15
Denmark	DK 29.5	5.07	8.33	6.82	43
Egypt	Pound 13.0	2.34	3.67	5.57	-34
Euro area §	€3.42	4.38	1.04**	1.28**	24
Hong Kong	HK\$13.3	1.72	3.76	7.75	-52
Hungary	Forint 680	2.92	1.92	2.33	-18
Indonesia	Rupiah 19,800	1.74	5.593	11,380	-51
Israel	Shekel 15.0	3.69	4.24	4.07	4
Japan	¥290	3.23	81.9	89.8	-9
Malaysia	Ringgit 5.50	1.52	1.55	3.61	-57
Mexico	Peso 33.0	2.30	9.32	14.4	-35
New Zealand	NZ\$4.90	2.48	1.38	1.97	-30
Norway	Kroner 40.0	5.79	11.3	6.91	63
Peru	Sol 8.06	2.54	2.28	3.18	-28
Philippines	Peso 98.0	2.07	27.7	47.4	-42
Poland	Zloty 7.00	2.01	1.98	3.48	-43
Russia	Ruble 62.0	1.73	17.5	35.7	-51
Saudi Arabia	Riyal 10.0	2.66	2.82	3.75	-25
Singapore	S\$3.95	2.61	1.12	1.51	-26
South Africa	Rand 16.95	1.66	4.79	10.2	-53
South Korea	Won 3,300	2.39	932	1,380	-32
Sweden	SKR 38.0	4.58	10.7	8.30	29
Switzerland	CHF 6.50	5.60	1.84	1.16	58
Taiwan	NT\$75.0	2.23	21.2	33.6	-37
Thailand	Baht 62.0	1.77	17.5	35.0	-50
Turkey	Lira 5.15	3.13	1.45	1.64	-12

*Purchasing power parity; local price divided by price in the United States
 †Average of New York, Chicago, Atlanta, and San Francisco ‡Dollars per pound
 §Weighted average of prices in euro area **Dollars per euro
 Source: McDonald's; The Economist