

Big Mac Index



BIG MAC INDEX

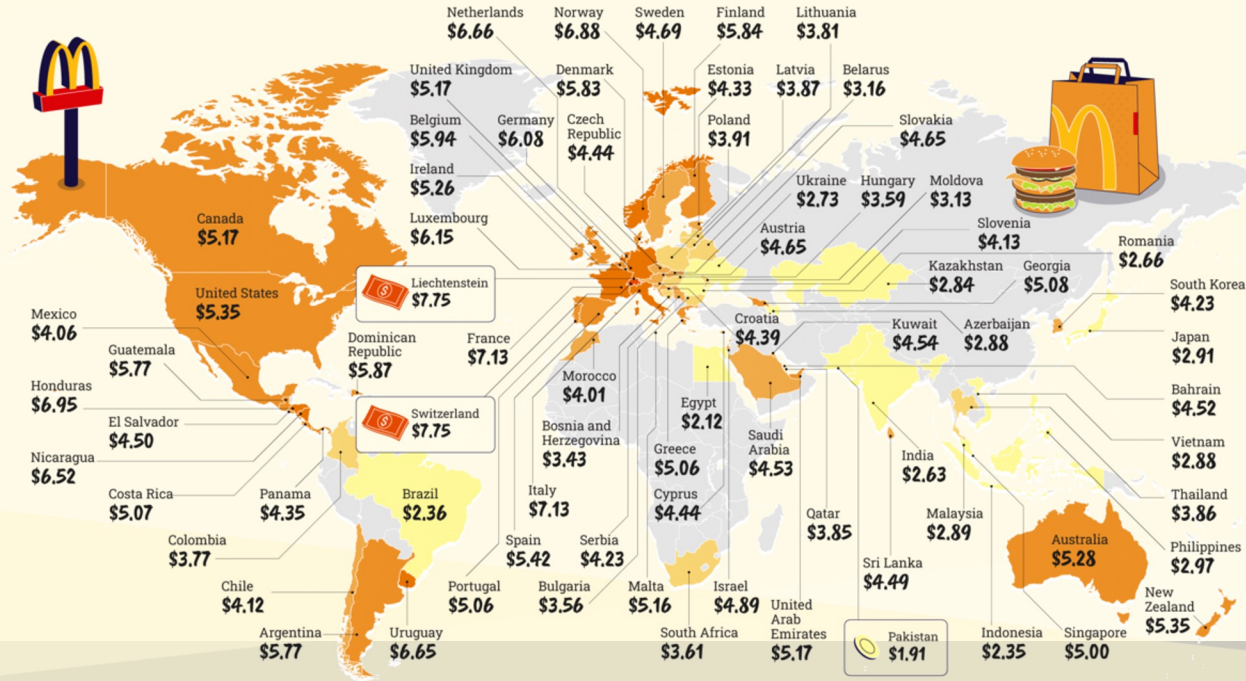


The Price of a McDonald's Big Mac

Based on Capital Cities

According to its annual report, McDonald's has over 40,000 locations worldwide -- and the iconic Big Mac is a staple of menus the world over. We've analyzed the cost of purchasing one in each country using the capital city as a benchmark. **Liechtenstein and Switzerland (\$7.75 each)** both have the most expensive Big Macs, based on the cost of one in Vaduz and Bern, respectively.

Big Mac Price (\$)



November 2022

METHODOLOGY: To find the price of a Big Mac in each capital city we used the McDonald's website for each country as well as delivery apps such as Glovo, Uber Eats and GrubHub, working from a base list of countries where McDonald's operates. We recorded prices in the local currency and converted them to U.S. dollars using x.com.

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CashNetUSA

Understanding the Big Mac Index

A simplified tool

- Created by [The Economist](#) in 1986
- Based on the theory of purchasing-power parity (PPP)
 - Used to compare the cost of living and economic productivity between two countries
 - “The rate at which the currency of one country would have to be converted into that of another country to buy the same amount of goods” - [IMF](#)
- Compares the cost of Big Macs in different countries to measure differences in currency value

Interpretation

- Cost of Big Mac
 - USD: \$5.58
 - JPY: ¥450
- Implied Exchange Rate: 80.65
- Actual Exchange Rate: 142.08

This suggests that the Yen is 43.2% undervalued.

This implies that a Big Mac costs 43.2% less in Japan than it “should”, according to PPP theory

Implications

- Japanese exports are cheaper for foreign buyers
 - Increases demand for Japanese products
- Foreign imports are more expensive for Japanese buyers
 - Decreases demand for foreign products

Uses & Variations

Uses

- Inflation
- GDP per capita
 - Higher Big Mac prices imply higher GDP per capita
- Analyzing official government inflation numbers
 - [Lies, flame-grilled lies and statistics](#)

[Variations](#)

- Starbucks coffee
- iPod Index
- IKEA's Billy bookshelf
- Gold-Mac-Index
- Amount of time that an average worker in a given country must work to buy a Big Mac
- The Chai Latte Global Index

What this
actually
means...

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BUY ONE GET ONE FREE: QUARTER POUNDER
W/ CHEESE OR EGG MCFLUFF IN
Go to www.mcdvoice.com within 7 days
and tell us about your visit.
Validation Code: _____
Expires 30 days after receipt date.
Valid at participating US McDonald's.
Survey Code:
02446-04220-30310-25458-00250-0

McDonald's Restaurant #2446
945 8TH AVE S 50TH
NY
NEW YORK
NEW YORK, NY 10019
TEL# 212-699-6676

KSR 4 03/03/2019 11:49 PM
SID#1 Order 22

1 Double Cheeseburger	3.19
ONLY American Cheese	
ONLY Ketchup	
1 M French Fries	2.79
1 Qtr Cheese McFlurg	9.49
1 Qtr Pounder Cheese	
NO Pickle	
NO Silvered Onions	
ADD Mayonnaise	0.20
1 M Sweet Iced Tea	
1 L Diet Coke	1.00
1 TO McNuggets	5.99
2 BBQ Sauce	
2 Creamy Ranch Dip	0.30

Subtotal	22.96
Tax	2.04
Take-Out Total	25.00
Cashless	25.00
Change	0.00

MER# 256940
CARD ISSUER ACCOUNT#
CHASE VISA SALE *****029
TRANSACTION AMOUNT 25.00
CHIP READ
AUTHORIZATION CODE - 006970
SECH 178045
AID: A000000031010

NOW HIRING! 9/13.50/HOUR!
TEXT:
Apply02446 to 38463
TO APPLY!



Shibuya, Tokyo



Paris



Inverness

Links

- [Our Big Mac index shows how burger prices are changing](#)
- [GitHub](#)