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Daily chart

The Big Mac index

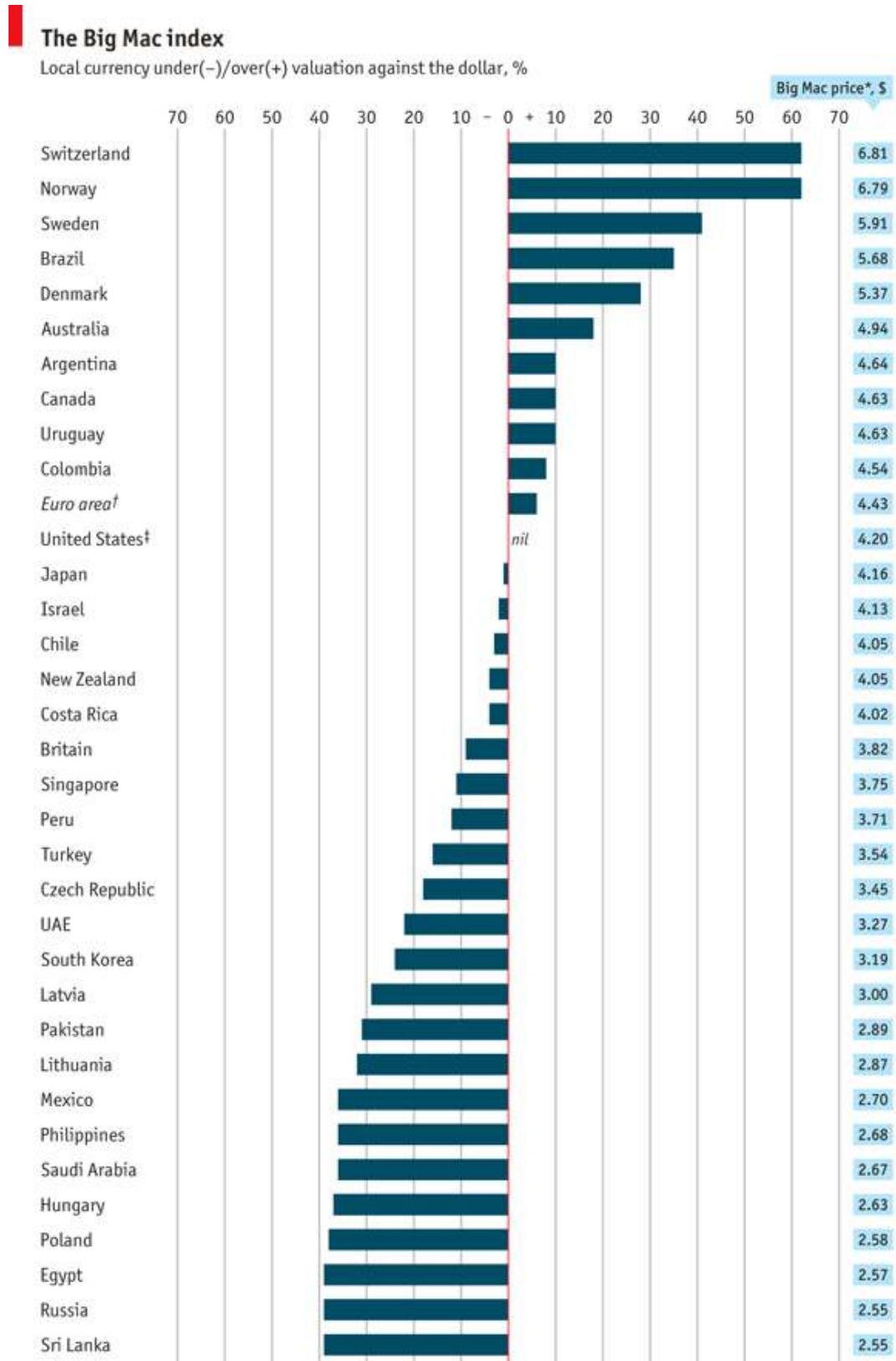
Jan 12th 2012, 16:53 by The Economist online

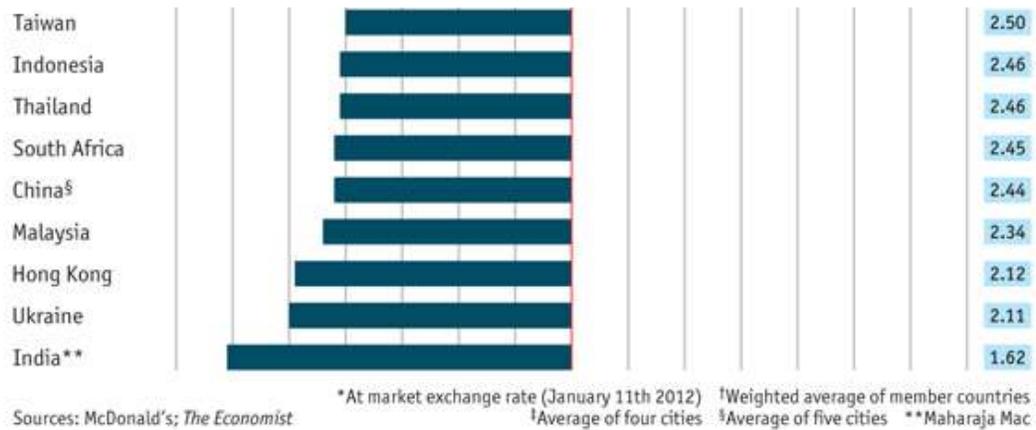
Burgernomics shows Switzerland has the most overvalued currency

THE ECONOMIST's Big Mac index is based on the theory of purchasing-power parity: in the long run, exchange rates should adjust to equal the price of a basket of goods and services in different countries. This particular basket holds a McDonald's Big Mac, whose price around the world we compared with its American average of \$4.20. According to burgernomics the Swiss franc is a meaty 62% overvalued. The exchange rate that would equalise the price of a Swiss Big Mac with an American one is SFr1.55 to the dollar; the actual exchange rate is only 0.96. The cheapest burger is found in India, costing just \$1.62. Though because Big Macs are not sold in India, we take the price of a Maharaja Mac, which is made with chicken instead of beef. Nonetheless, our index suggests the rupee is 60% undercooked. The euro, which recently fell to a 16-month low against the dollar, is now trading at less than €1.30 to the greenback. The last time we served up our index in [July 2011](http://www.economist.com/blogs/dailychart/2011/07/big-mac-index) (<http://www.economist.com/blogs/dailychart/2011/07/big-mac-index>), the euro was 21% overvalued

against the dollar, but it is now just 6% overvalued. Other European currencies have also weakened against the dollar since our previous index, notably the Hungarian forint and Czech koruna, which have fallen by 23% and 16% respectively. Six months ago both currencies were close to fair value, but they are now undervalued by 37% and 18%.

For the full data set see [here](#)





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