

Big Mac Index Counts Ruble as Most Undervalued Currency

The Russian currency lags its ideal value by a whopping 64.5%.

July 16, 2019



The index measures the price of a Big Mac in every country that has a McDonalds restaurant. **Pixabay / McDonalds / MT**

The ruble is the most undervalued currency on The Economist's Big Mac index.

The publication's research indicated that the Russian currency is undervalued by a whopping 64.5%, up from 70.4% six months ago. The Big Mac index suggests it should cost 22.65 rubles for \$1, but in reality the price of a dollar is 63 rubles.

The Economist launched the Big Mac index in 1986 as a handy guide for assessing whether currencies are at the correct level according to the theory of purchasing-power parity. Today, the index measures the price of a Big Mac in every country that has a McDonald's restaurant.

But it's not always been a happy meal for The Economist, which has faced criticism for not taking into account variations in the price of a Big Mac in different cities. The Big Mac index is

calculated according to data that puts the price of a Big Mac in the U.S. at \$5.74 and in Russia at just 130 rubles (\$2). However, in some cities, the price of a Big Mac can be as high as 156 rubles (\$2.50), according to economist Kirill Tremasov, cited in news website The Bell.

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