Finance & economics | Ground down

Our Big Mac index will sadden America's burger-lovers

Trump's tariffs have brought a double serving of pain

Jul 16th 2025 | 4 min read

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Comparing the prices of Big Macs is convenient because the burger is essentially the same in every country (notable exceptions include Israel, where it is served without cheese, and India, where the "Maharaja Mac" is made from chicken). Purchasing-power parity suggests that, with a Taiwanese Big Mac costing 78 Taiwanese dollars and an American one $6.01, the currencies' exchange rate should be the ratio of the two prices. Hence $1 should buy NT$13. In reality, it buys NT$29. The Big Mac index therefore concludes that the Taiwanese dollar is greatly undervalued against the greenback, by some 56%.

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*At market exchange rates (July 15th 2025)
†Weighted average of member countries
Sources: McDonald's; *The Economist*

CHART: THE ECONOMIST

Particularly notable are the troublemaking countries that America's Treasury Department monitors for potential currency manipulation. It chooses these based on bilateral trade surpluses with America, broader surpluses with the world and one-sided intervention in the foreign-exchange market. Mr Trump will be cheered to see that the European countries on the list (Germany, Ireland and Switzerland) have seen their currencies become markedly more expensive versus the dollar. But the others are China, Japan, Singapore, South Korea, Taiwan and Vietnam. None of their currencies has become more than marginally less undervalued since January. Most are now even cheaper.

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What explains the trend? Even as the dollar has weakened on the foreign-exchange market, the price of an American Big Mac has risen—from $5.79 in January to $6.01 today. Burger prices in the Asian countries on the Treasury's monitoring list, meanwhile, have remained constant. Their currencies might now buy more dollars than previously, but those dollars buy less stuff. In purchasing-power terms, that offsets the change in exchange rates.