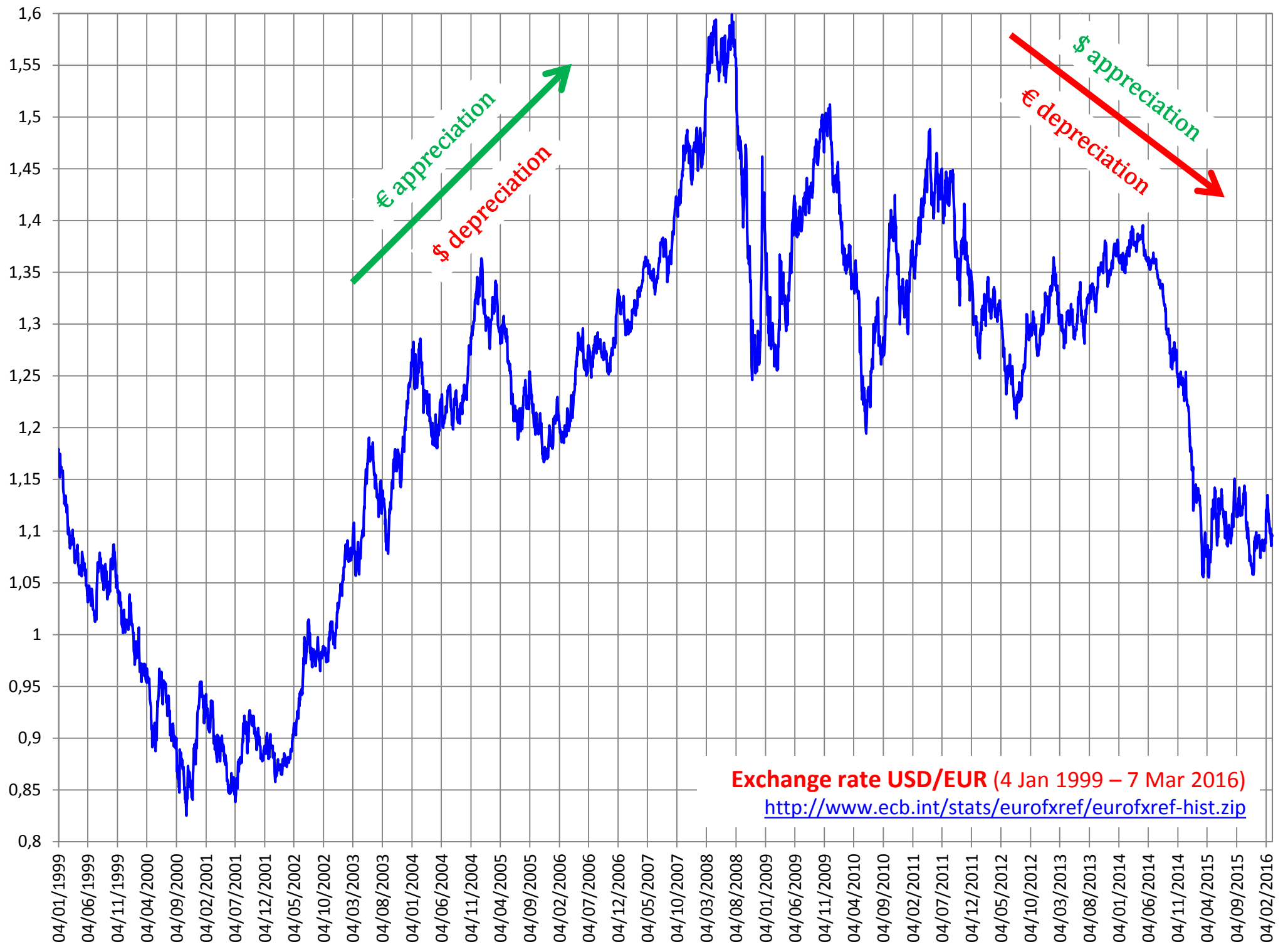


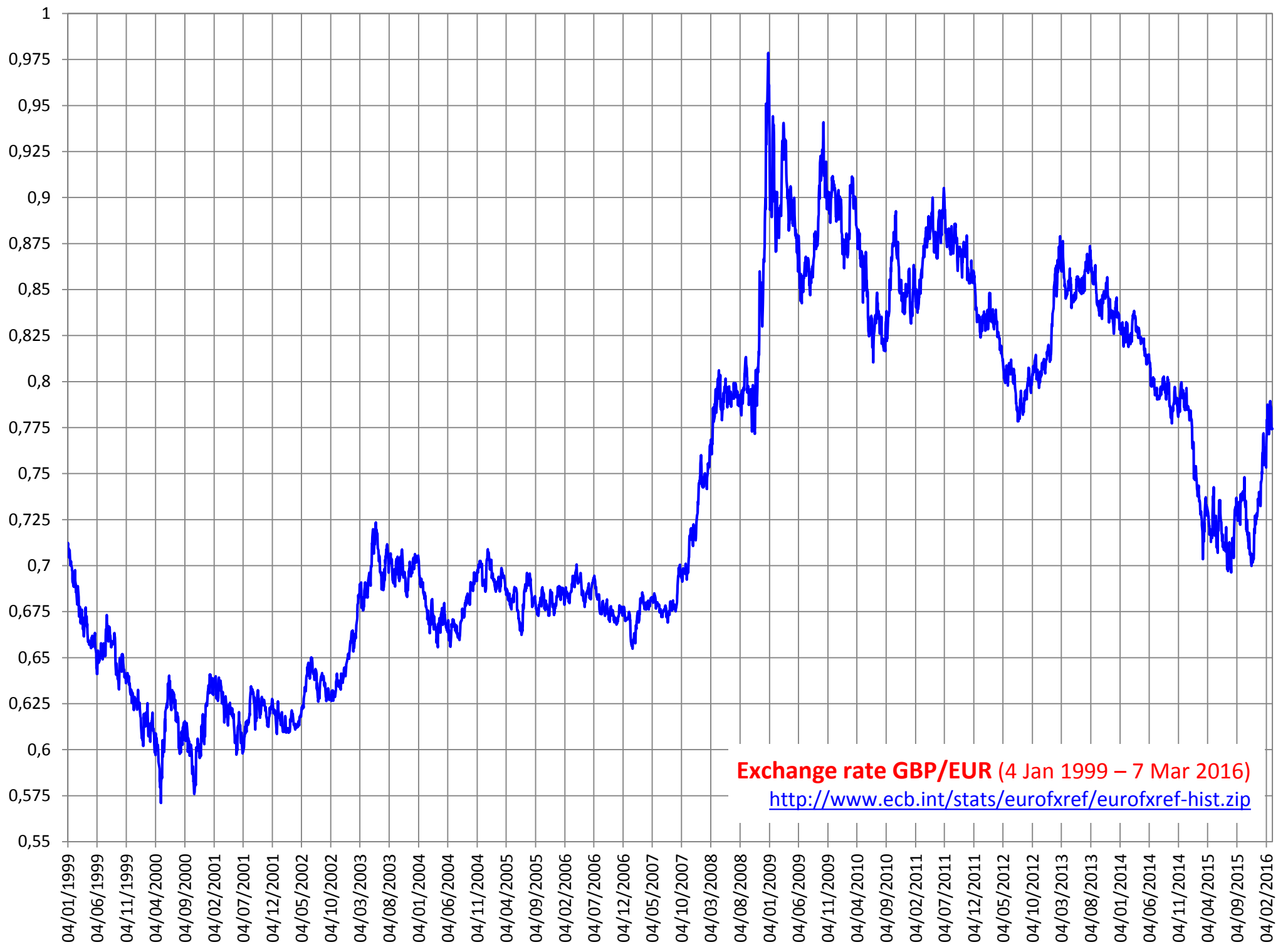
Exchange rate USD/EUR (4 Jan 1999 – 7 Mar 2016)

<http://www.ecb.int/stats/eurofxref/eurofxref-hist.zip>



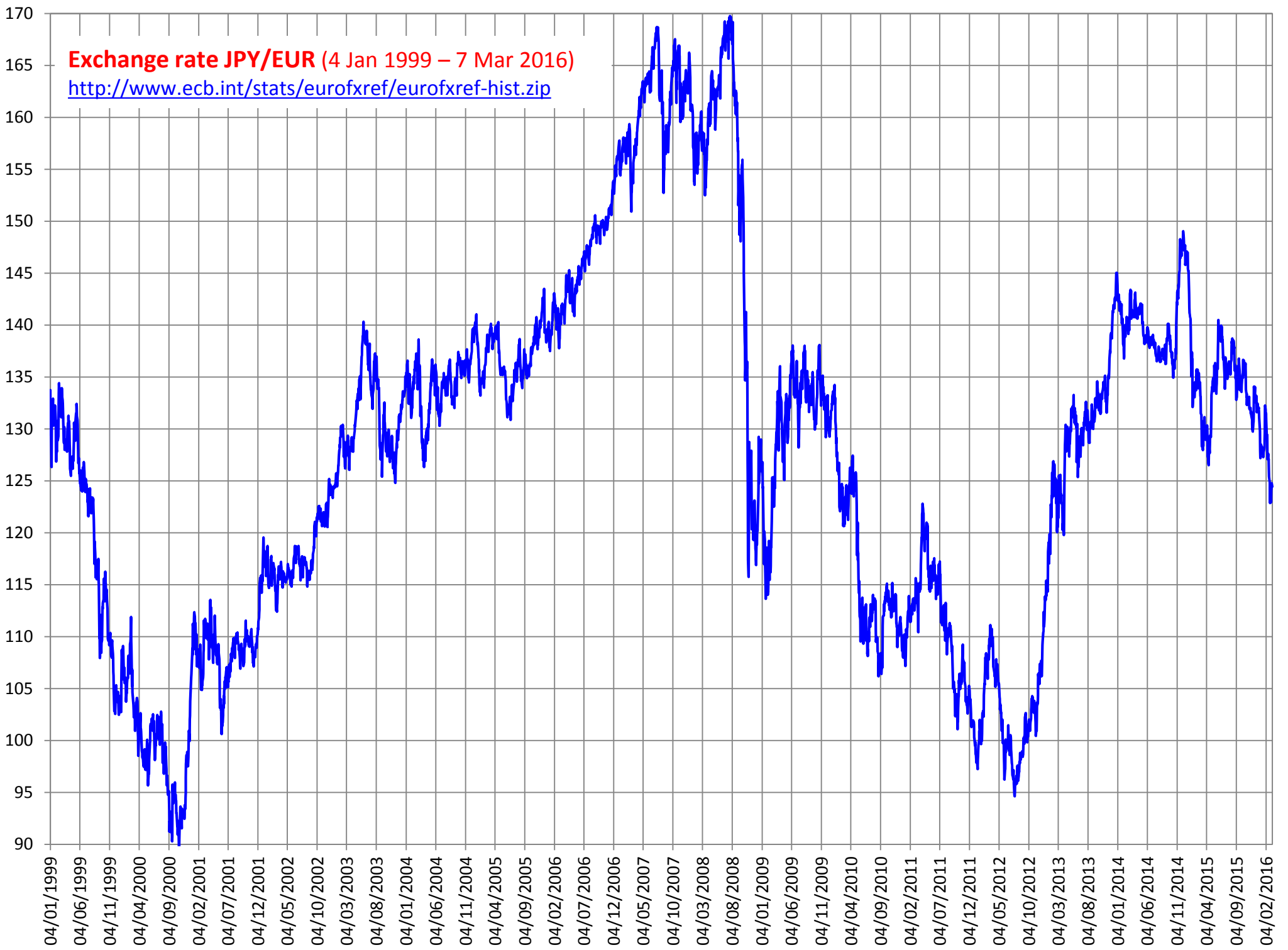
Exchange rate USD/EUR (4 Jan 1999 – 7 Mar 2016)

<http://www.ecb.int/stats/eurofxref/eurofxref-hist.zip>



Exchange rate GBP/EUR (4 Jan 1999 – 7 Mar 2016)

<http://www.ecb.int/stats/eurofxref/eurofxref-hist.zip>

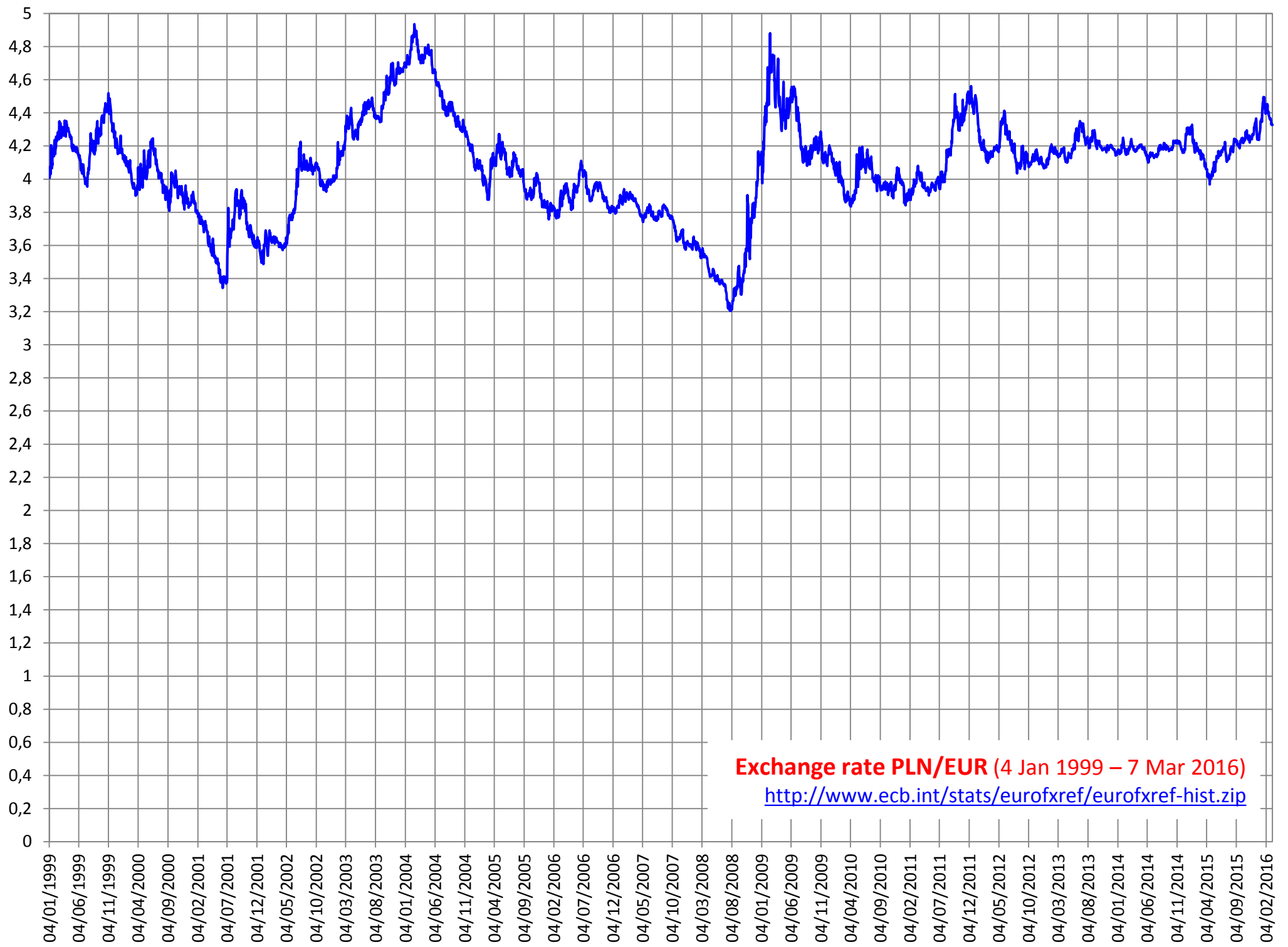




Exchange rate PLN/EUR

(4 Jan 1999 – 7 Mar 2016)

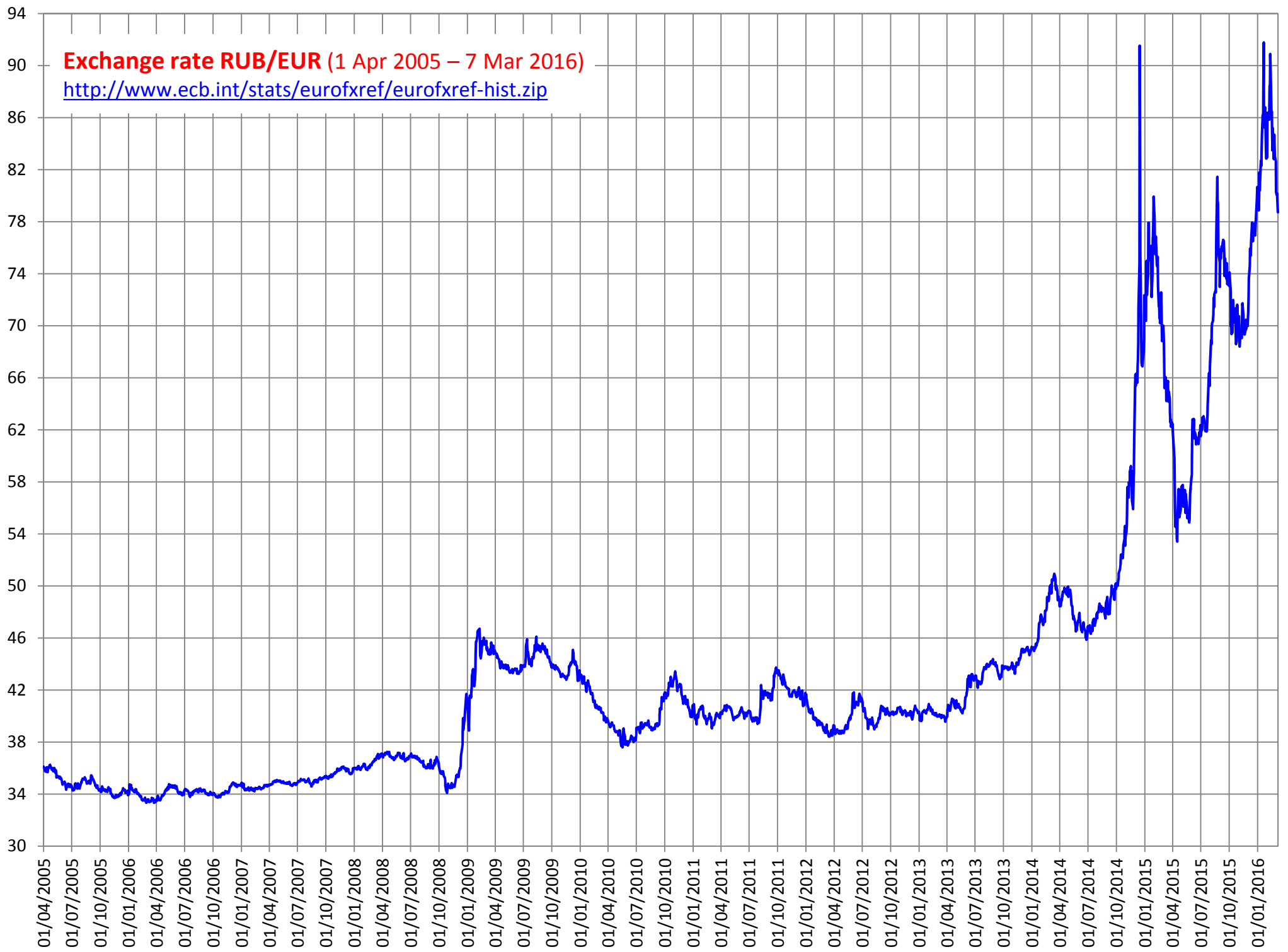
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Exchange rate PLN/EUR (4 Jan 1999 – 7 Mar 2016)
<http://www.ecb.int/stats/eurofxref/eurofxref-hist.zip>

Exchange rate RUB/EUR (1 Apr 2005 – 7 Mar 2016)

<http://www.ecb.int/stats/eurofxref/eurofxref-hist.zip>





Exchange rate CNY/EUR (1 Apr 2005 – 7 Mar 2016)

<http://www.ecb.int/stats/eurofxref/eurofxref-hist.zip>

VEF por 1 EUR

Venezuelan Bolivar

<http://www.xe.com/es/currencycharts/?from=EUR&to=VEF>

7 Mar 2015 00:00 UTC - 7 Mar 2016 16:53 UTC

EUR/VEF close: **6.95282** low: **6.61654** high: **7.36665**

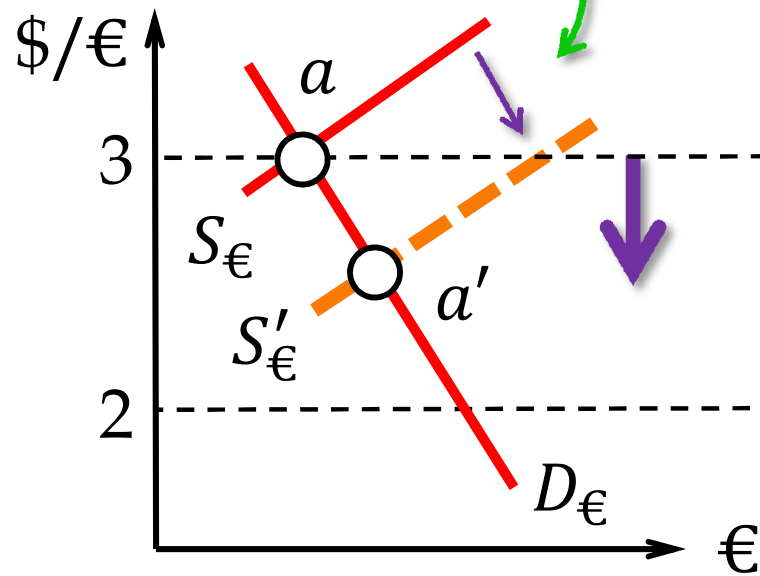


Spatial arbitrage

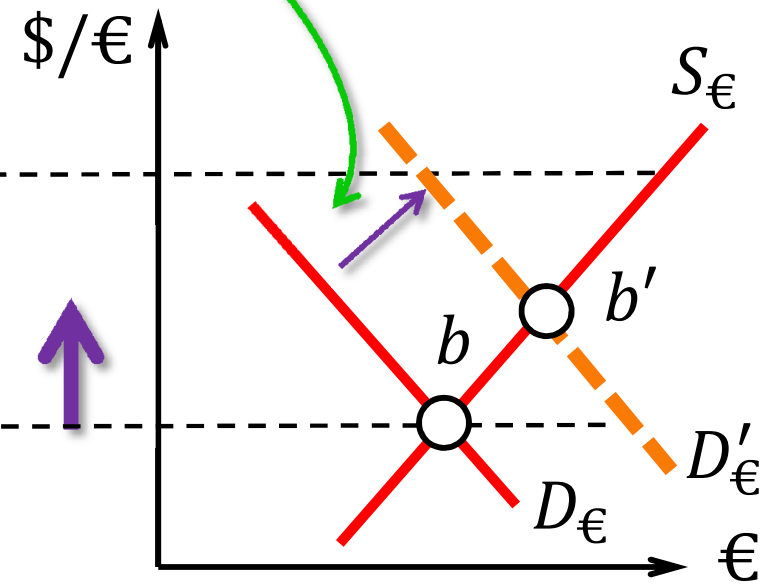
€1 \longrightarrow \$3 \longrightarrow €1.5

€ are sold

\$ are sold

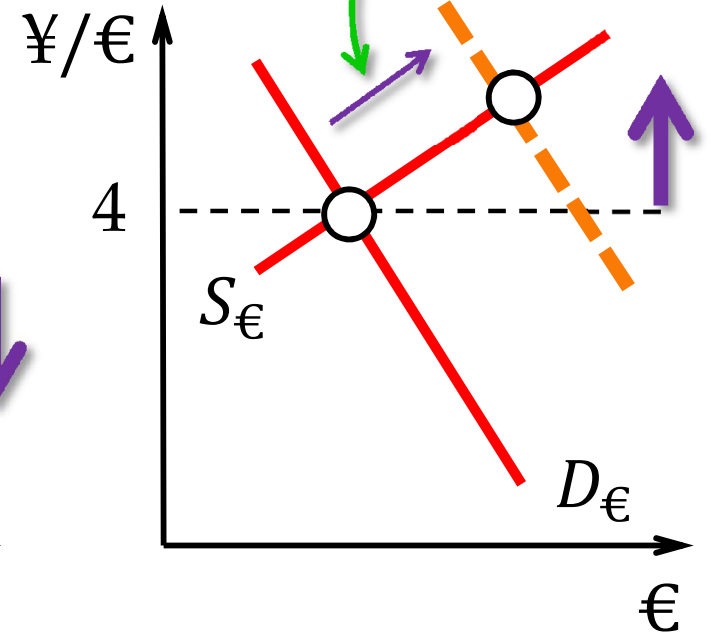
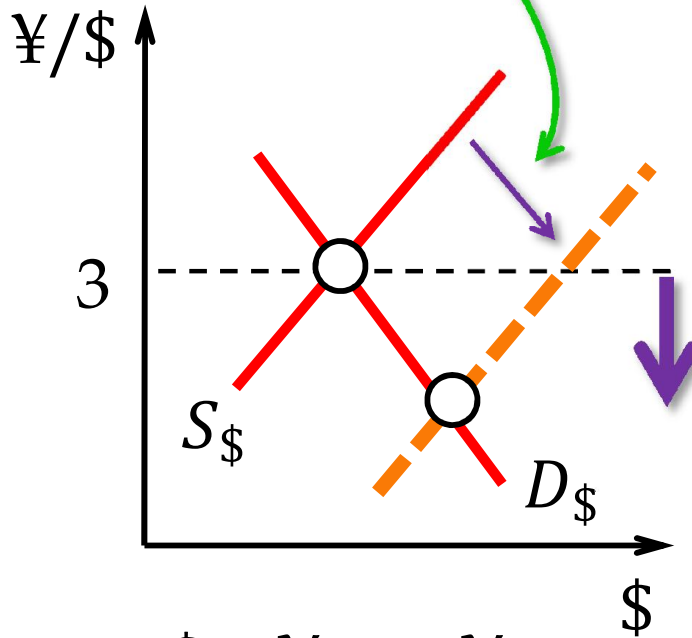
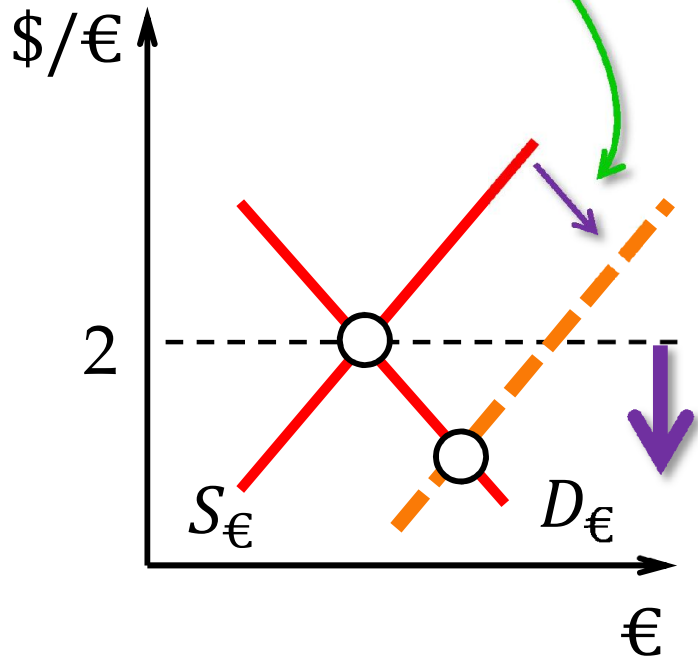
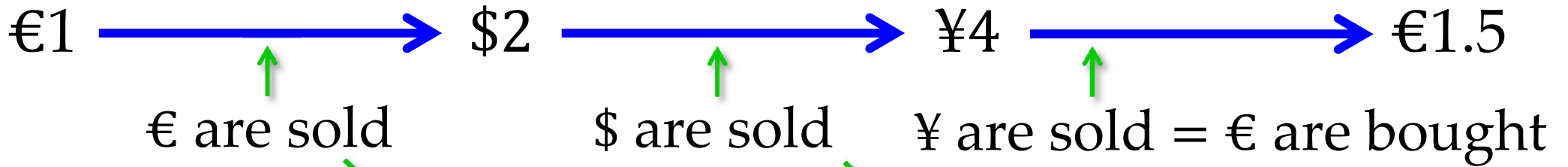


New York



London

Triangular arbitrage

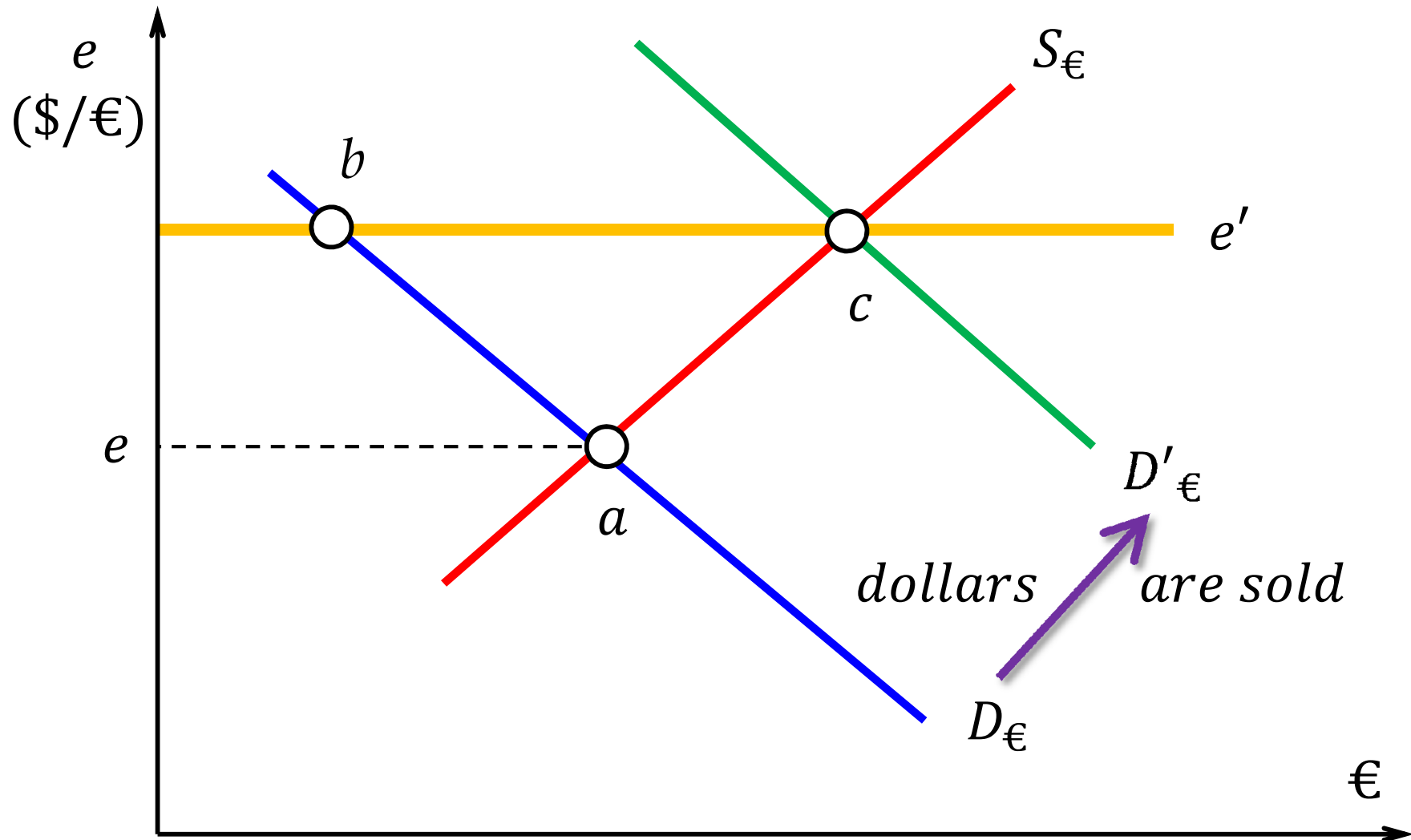


$$\frac{\$}{\text{€}} \frac{\text{¥}}{\$} > \frac{\text{¥}}{\text{€}} \quad \leftarrow \text{initially}$$

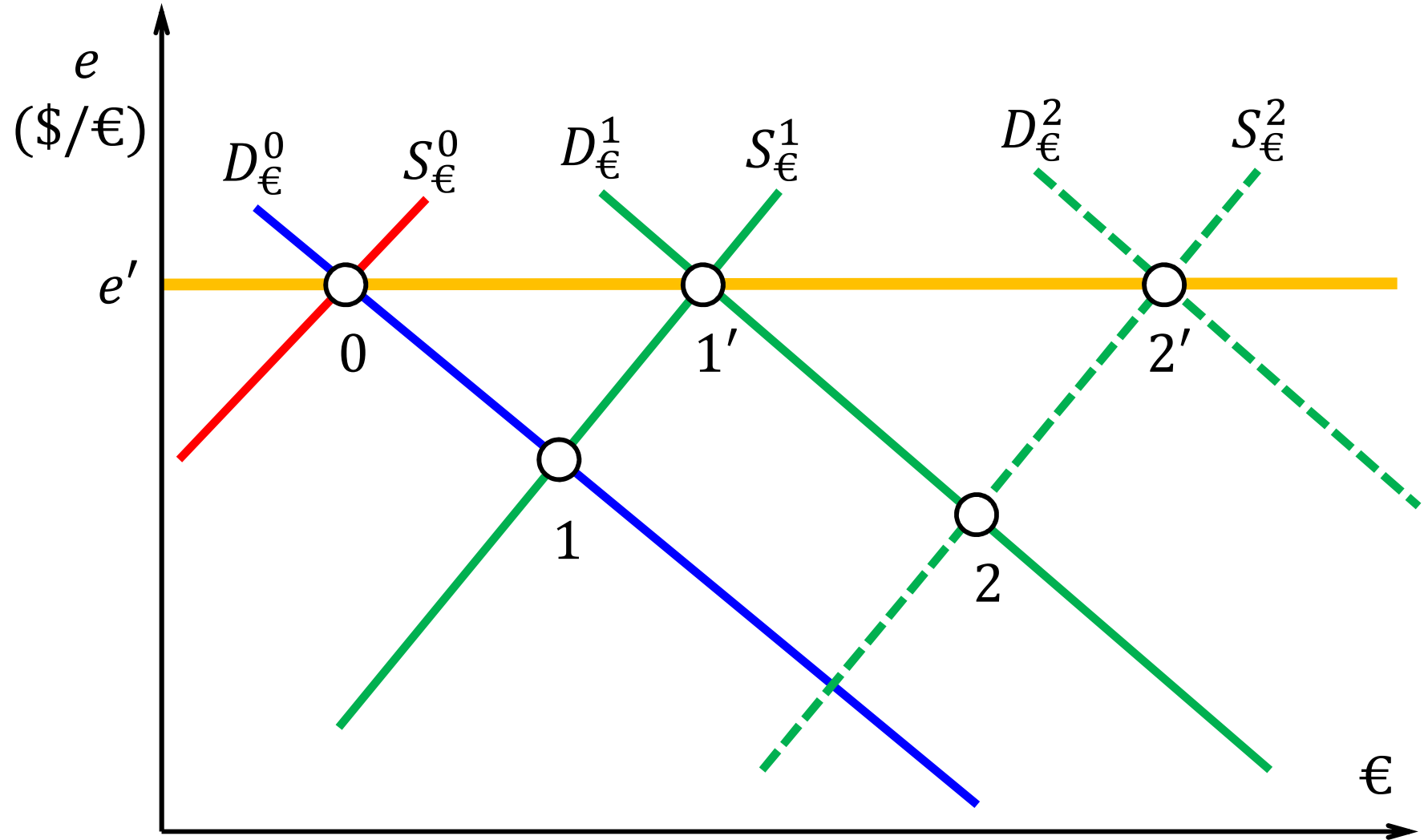
with arbitrage \rightarrow

$\downarrow \quad \downarrow \quad \uparrow$

Intervention in the currency market

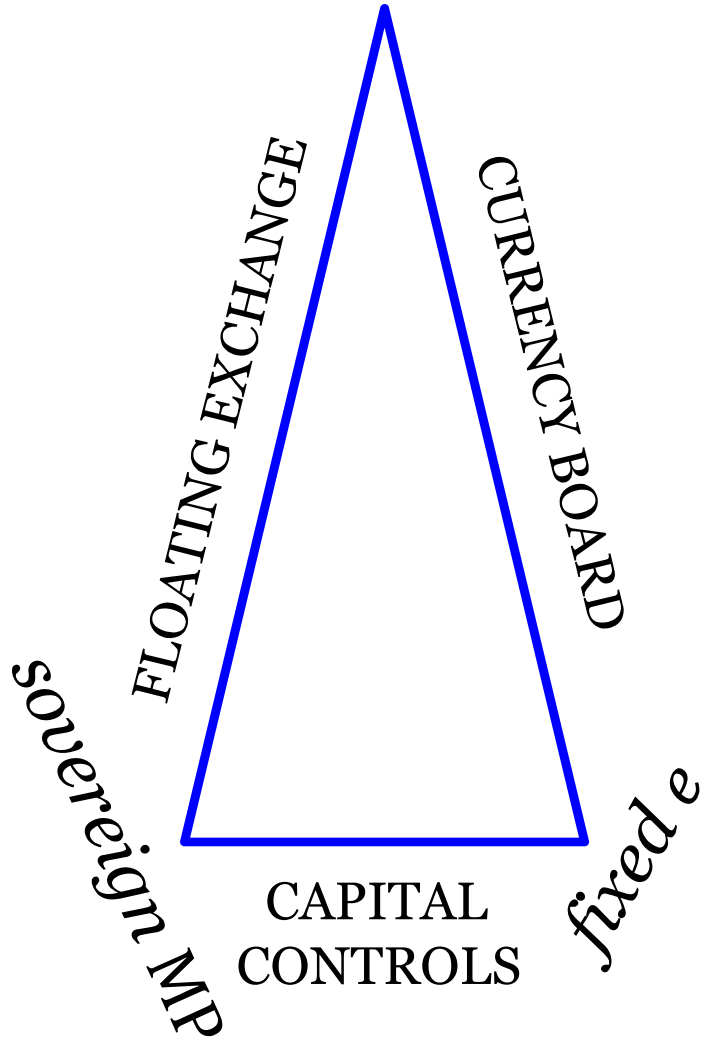


Currency crisis

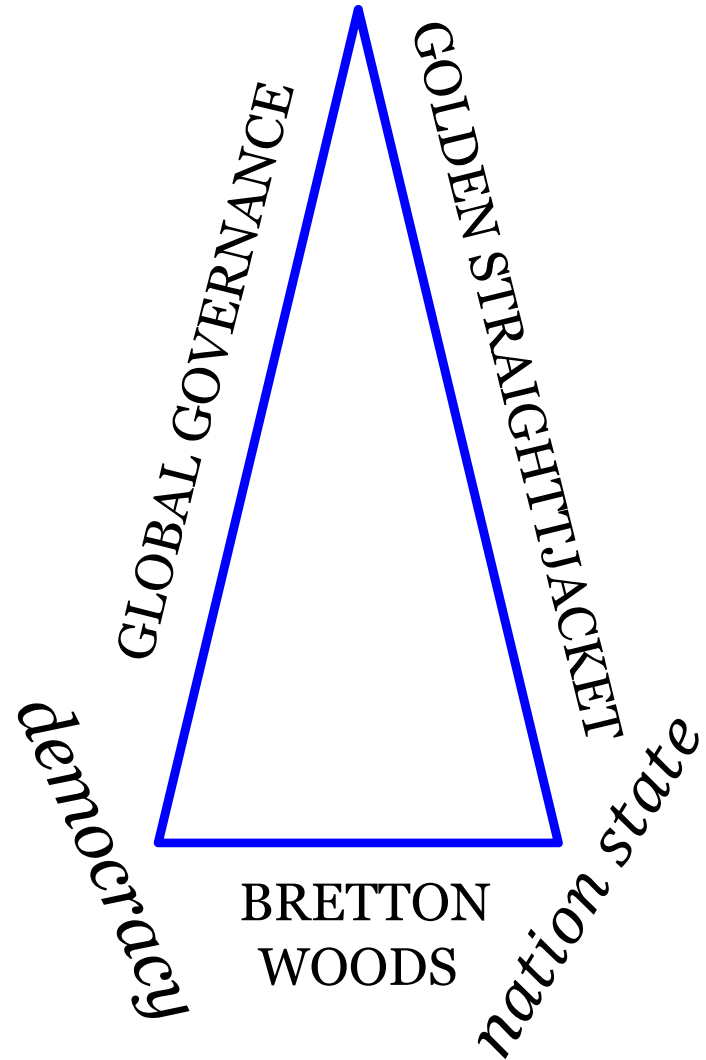


Trilemmas

free capital flows



hyperglobalization

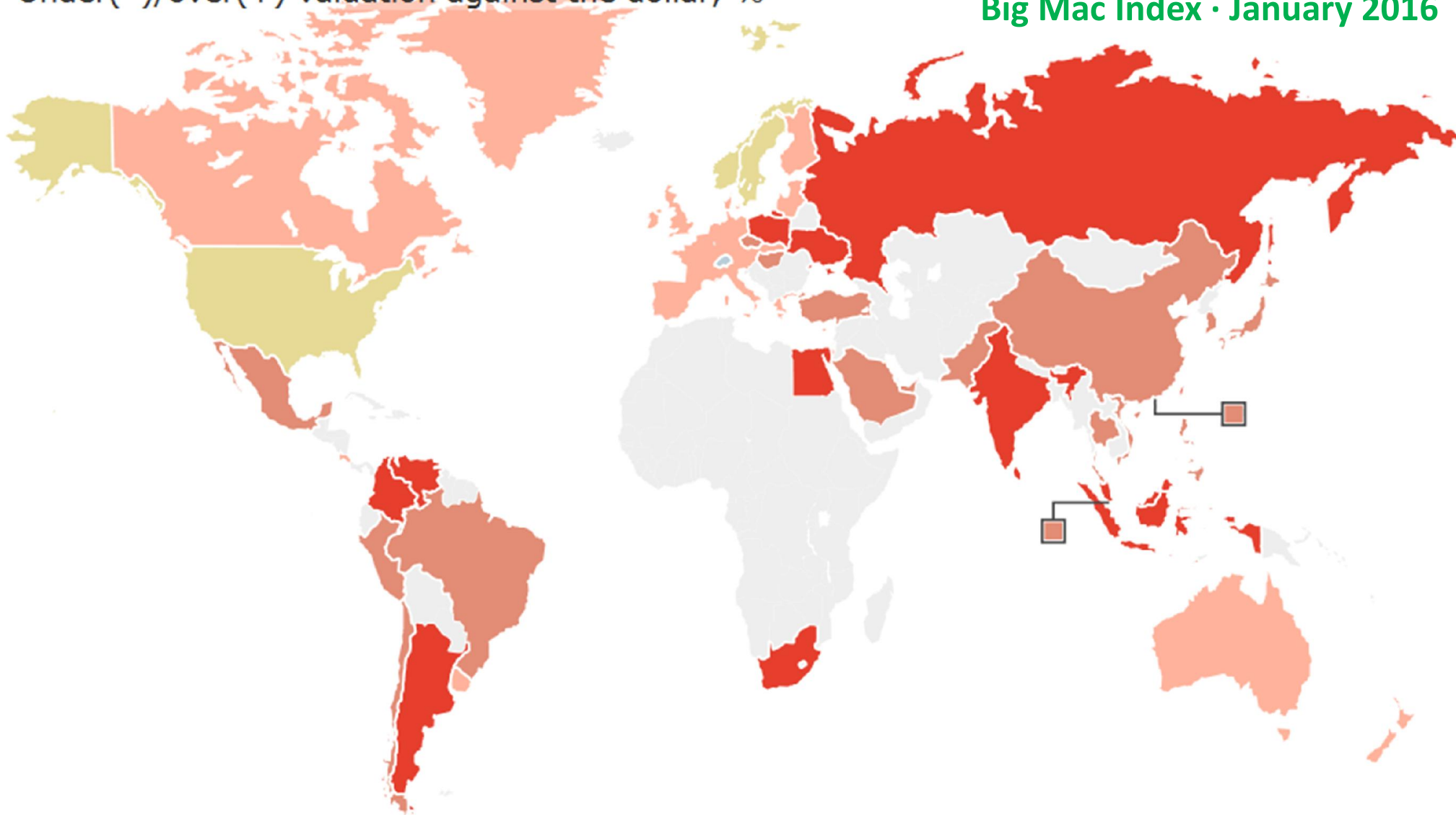


US = home economy	P^* = BM home price	BM price in \$ = P^*/e	PPP of \$ = P^*/P	market e on 22 Jan 2014	Over (+) under (-) valuation against the \$
US	$P = 4.62$	—	—	—	—
Brazil	12.4 R\$	5.25	2.68	2.36	13.48
UK	2.79 £	4.63	1.66 \$/£	1.66 \$/£	0.06
China	16.6 ¥	2.74 \$	3.59 ¥/\$	6.05 ¥/\$	-40.68
Eurozone	3.65 €	4.96	1.26 \$/€	1.35 \$/€	7.3
India	95 ₹	1.54	20.54	61.85	-66.78
Russia	89 руб	2.62	19.25	33.94	-43.29
Sweden	40.7 kr	6.29	8.8	6.47	35.97
Venezuela	45 Bs.F.	7.15	9.73	6.29	54.66

US = home economy	P^* = BM home price	BM price in \$ = P^*/e	PPP of \$ = P^*/P	market e on 22 Jan 2015	Over (+) under (-) valuation against the \$
US	$P = 4.79$	—	—	—	—
Brazil	13.5 R\$	5.21	2.82	2.59	8.70
UK	2.79 £	4.63	1.66 \$/£	1.66 \$/£	0.06
China	17.2 ¥	2.77 \$	3.59 ¥/\$	6.21 ¥/\$	-42.19
Eurozone	3.68 €	4.26	0.77 \$/€	0.86 \$/€	-10.98
India	116.25 ₹	1.89	24.27	61.62	-60.61
Russia	89 руб	1.36	18.58	65.23	-71.51
Sweden	40.7 kr	4.97	8.50	8.19	3.73
Switzerland	6.5 CHF	7.54	1.36	0.86	57.49
Venezuela	132 Bs.F.	2.53	27.56	52.10	-47.119

Under(-)/over(+) valuation against the dollar, %

Big Mac Index · January 2016



Undervalued by:

>50%



-/+ 10%

25-50%

10-25%

Overvalued by:

10-50%

50-100%

>100%

[http://www.economist.com/
content/big-mac-index](http://www.economist.com/content/big-mac-index)

