



The vast majority of Australian macadamia growers sell In shell (NIS) to processors. The NIS has a measurable amount of kernel contained within it, with the main driver for difference being varietal.

- **The amount of kernel contained in the NIS is referred to as Total Kernel Recovery (TKR), and is reported as a percentage.**
For example, a 10g NIS with a 3.3g kernel inside it is referred to as having a 33% TKR.
- **The Total Kernel Recovery is further broken down into either:**
 - premium kernel recovery (PKR)
 - commercial kernel recovery (CKR) or
 - reject kernel recovery (RKR).
- **Growers are paid for premium and commercial kernel but not for reject kernel.**
Consequently, premium kernel and commercial kernel are often grouped together as **Saleable Kernel Recovery (SKR)**. Industry data suggests an average breakdown of 97% SKR and 3% RKR. Using the example outlined above, the 10g NIS with a 33% TKR is further broken down to become 32.01% SKR and 0.99% RKR @ 10% moisture.

- **Generally, the higher the SKR and the lower the RKR, the higher the price the grower receives.**
However, to provide a base point for pricing, the processors have traditionally offered prices to growers based on a nominal quality assessment, most commonly 33% SKR and 2% RKR @ 10% moisture.
- **Tree variety is the main driver affecting TKR, so it's important to understand the varieties on your orchard.**
The difference is substantial, with some varieties ranging from 28% TKR through to 45% TKR. It is important to factor in that each variety has a predisposed TKR limit, with on-farm management having a minimal affect on TKR.
- **However, on-farm management does have a major affect on RKR.** This is because the main causes for RKR are management-related issues such as insect pest damage (spray coverage and timing) and harvesting and drying damage (harvesting regularity and drying facilities). Improved management practices can drastically reduce RKR. The first step to improve/reduce RKR for growers is to engage a professional pest consultant.

HISTORICAL NUT IN SHELL FARM GATE PRICES

Year	NIS Farm Gate Price in \$AU (per kg NIS @33% SKR)	Historical Average Annual Exchange rate (\$AU to \$US)	NIS Farm Gate Price in \$US (per kg NIS @33% SKR)
1996	\$3.05	\$0.78	\$2.39
1997	\$2.70	\$0.74	\$2.01
1998	\$2.45	\$0.63	\$1.54
1999	\$2.25	\$0.65	\$1.45
2000	\$2.12	\$0.58	\$1.23
2001	\$2.45	\$0.52	\$1.27
2002	\$2.75	\$0.54	\$1.50
2003	\$3.20	\$0.65	\$2.10
2004	\$3.45	\$0.74	\$2.54
2005	\$3.60	\$0.76	\$2.74
2006	\$2.60	\$0.75	\$1.96
2007	\$1.50	\$0.84	\$1.26
2008	\$1.65	\$0.85	\$1.41
2009	\$1.90	\$0.79	\$1.51
2010	\$2.65	\$0.92	\$2.44
2011	\$2.90	\$1.03	\$3.00
2012	\$3.05	\$1.04	\$3.16
2013	\$3.14	\$0.97	\$3.05
2014	\$3.76	\$0.90	\$3.38
2015	\$5.02	\$0.79	\$3.97
2016	\$5.45	\$0.75	\$4.09
2017	\$5.62	\$0.77	\$4.32
2018	\$5.81	\$0.75	\$4.33

	\$AU	\$US
5 year average NIS price	\$5.17	\$4.04
7 year average NIS price	\$4.58	\$3.86
10 year average NIS price	\$3.97	\$3.44
20 year average NIS price	\$3.97	\$3.09

**Note: As over 70% of the Australian macadamia industry is exported, it is important for growers to be aware of the price in both \$AU and \$US as most nuts are traded internationally under \$US. The table below highlights the previous 20 year average annual prices in both \$AU and \$US, illustrating the effect that the exchange rate can have on farm gate prices (with specific reference to 2012 to 2016)*

The average price is not a concrete indication on the future price, as international demand for the nut sector continues to climb and there is some potential for future price growth across all nut categories. However, prices of all agricultural products fluctuate, often wildly, due to a mix of climate, exchange rates and many other factors. It is always best to budget conservatively.



MORE INFORMATION

For more information on the industry's marketing program, and the outlook on future NIS prices, join the Australian Macadamia Society and attend our industry meetings, where you'll get to meet our industry experts.

Call the AMS on 1800 262 426 for a membership pack.