



Saudi Public Investment Fund (PIF)

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The Expansion and Global Reach of the Saudi PIF

As of early 2022, the Saudi Public Investment Fund (PIF) held approximately \$608 billion in assets under management (AUM), with 23% allocated toward international investments. The fund experienced a highly successful year in 2021, yielding a 25% return on investment—representing a 27% increase compared to 2020.

In August of that year, the oil-backed sovereign wealth fund significantly increased its exposure to the U.S. technology sector with a \$7 billion capital injection. The PIF acquired substantial stakes in 17 reputable and stable American corporations. These transactions included purchasing 213,000 shares in Alphabet (Google's parent company) valued at \$464 million, 4.7 million shares in Zoom worth \$507 million, and 1.8 million shares in Microsoft valued at \$474 million. Other prominent tech giants on the acquisition list included Meta (Facebook), PayPal, and Amazon. Furthermore, a massive investment was directed into BlackRock, the world's largest asset management firm, which oversees more than \$10 trillion in global assets.

In the food and beverage sector, the PIF committed over \$300 million to expand its domestic and regional coffee market by establishing the Saudi Coffee Company. Additionally, the fund entered negotiations to acquire a major stake in the Alshaya Group's Starbucks franchise operation, aiming to gain equity access to the brand's 1,700 stores across the region.

Strategic Alignment with Vision 2030

By strategically investing billions of dollars into America's top-tier corporations, the Saudi fund—under the chairmanship of Crown Prince Mohammed bin Salman—is securing lucrative financial returns while simultaneously solidifying the Kingdom's political clout and institutional access within Washington and Wall Street.

Over the past few years, the PIF has maintained an aggressive yet calculated approach to fulfill the mandates of the Saudi Vision 2030 initiative, which aims to nearly double the fund's AUM to approximately \$1.1 trillion.

To anchor this transformation, the fund committed to injecting \$40 billion annually into the domestic market through 2025. This capital is specifically earmarked to develop and diversify the Saudi economy, systematically reducing its systemic



dependence on crude oil revenues. Thus far, this strategy has successfully generated over 330,000 jobs within the Kingdom. Backed by high approval ratings from a majority of young Saudis, the ambitious prince has maintained a hands-on approach to modernizing his country socially, economically, and structurally—a reform agenda that appears to be yielding tangible results.

The Surge of the U.S. Dollar and Federal Policy

According to financial experts, the U.S. dollar is poised to maintain its strength against major global currencies, following a period where the Japanese yen lost 24% of its value against the greenback, the euro declined by 13%, and the Chinese yuan fell by 10%. Driven by these shifts, the U.S. Dollar Index climbed to a 20-year high, securing a 14% gain over the course of the year. In response to these macroeconomic conditions, the U.S. Federal Reserve enacted five consecutive interest rate hikes in a deliberate effort to cool the domestic economy and rein in persistent inflation.

Reflecting these tightening measures, investment bank Goldman Sachs revised its U.S. GDP growth forecast for 2023 downward, cutting it from 1.5% to 1.1% while projecting a corresponding rise in unemployment. Goldman economists adjusted their year-end unemployment forecast upward to 3.7% (from 3.6%), predicting the jobless rate would continue to climb to 4.1% by 2023, up from their initial estimate of 3.8%.

Diminishing Forecasts for the Global Economy

Credit rating agency Fitch Ratings offered a similarly restrained outlook for the global stage, projecting world GDP growth to reach 2.4% before slowing to just 1.7% the following year. Fitch analysts anticipated that both the Eurozone and the United Kingdom would enter a technical recession by year-end, while the United States would suffer a mild economic contraction by mid-2023. Concurrently, strict pandemic-related restrictions hampered China's economic momentum, slowing its growth recovery to 2.8%, with a modest projected rebound to 4.5% the next year.

The International Monetary Fund (IMF) shared this pessimistic view of global financial markets. The institution projected global consumer price inflation to crest at 8.3% before easing to 5.7% the following year. Citing the combined pressures of elevated inflation, systemic supply chain disruptions, and highly volatile financial markets, the IMF lowered its global growth forecast to 2.9%, warning that a widespread recession remains a distinct possibility—particularly across emerging markets and developing economies.