MERIDIAN PASSAGE

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Relentless Bid

The standing demand powering U.S. stocks, and why it matters.

The short version

Every trading day, an enormous amount of money flows into U.S. stocks for reasons that have nothing to do with the morning's news: companies repurchasing their own shares, paychecks flowing into retirement plans, index funds investing every dollar they receive, and savers around the world adding to the market they cannot afford to ignore. Traders have a term for this steady, standing demand: the "relentless bid."

This primer walks through where that demand comes from, how large it has become, and what it does, and does not, mean for stock prices. The short answer: none of these buyers asks whether the market looks cheap today. They buy because a board authorized it, a payroll ran, or an index requires it. That kind of demand has not prevented bear markets, but it helps explain why declines in U.S. stocks have so often been met by buyers, and why "waiting for the pullback" has been harder than it sounds.

≈ $2.6T

The yearly scale of three streams of demand for U.S. stocks: company buybacks, retirement-plan contributions, and net purchases by foreign investors.*

* Approximate. S&P 500 buybacks of $1.02 trillion for the twelve months through September 2025 (S&P Dow Jones Indices); $846 billion contributed to private-sector employer retirement plans in 2023, the latest official tally (U.S. Department of Labor); $720 billion of net foreign purchases of U.S. equities in 2025 (U.S. Treasury). Sources measure different periods and overlap; figures move each year and are not a forecast.

The pages that follow trace each stream, and what could slow them.

OVERVIEW

What’s inside

01

What "relentless bid" means

A stock's price is not handed down from anywhere. It is simply the level where, at this moment, willing buyers meet willing sellers. When more money wants in than out, prices rise; when the reverse is true, they fall. Earnings, rates and headlines matter only insofar as they move someone to buy or sell.

Most market commentary explains prices by the day's news. Here, we examine a very large class of buyers who purchase on a schedule set long in advance. A few examples: a board authorizes a repurchase program; a paycheck arrives and a slice is invested automatically; a pension fund in Oslo or Seoul adds to its U.S. allocation.

THE KEY IDEA

None of these buyers asks whether the market is cheap this morning. Their purchases are set by mandate and by calendar. Demand of that kind does not prevent declines, but it does cushion them.

To be clear at the outset: stocks can and do fall. They fell hard in 2000–02, 2008, 2020, and 2022 with much of this machinery already running. The claim here is narrower. Beneath the daily auction sits a deep bench of standing demand, and understanding it helps explain why U.S. dips have so often been met by buyers.

BID

An order to buy at a stated price. The "bid side" is the standing queue of buyers beneath the market's current level at any moment.

STRUCTURAL DEMAND

Buying that follows a rule, a calendar, or a mandate. The price on the screen does not enter into it.

PRICE-INSENSITIVE BUYER

A buyer who purchases without judging valuation. A payroll contribution and a board-authorized repurchase program both qualify.

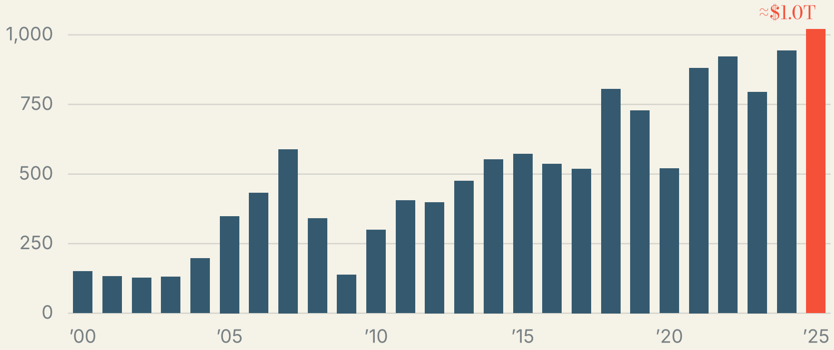
02

Companies buying their own shares

The single largest buyer of U.S. stocks is corporate America itself. It was not always so: before 1982, a company repurchasing its own shares risked accusations of market manipulation, and buybacks were rare. An SEC rule adopted that year, Rule 10b-18, created a safe harbor, and a trickle became a tide. From under $20 billion in 1983, S&P 500 buybacks reached a record $1.02 trillion over the twelve months through September 2025.

The pace has not let up: $665 billion of new buyback authorizations were announced in the first four months of 2026, the fastest start yet. A buyback works twice: it is a source of demand, and it retires shares, so the same profits are split among fewer owners.

S&P 500 SHARE BUYBACKS BY YEAR — $ BILLIONS



Source: S&P Dow Jones Indices. 2025 estimated from three reported quarters; twelve months through September 2025 totaled $1.02 trillion.

One caveat: buybacks are discretionary. They were cut sharply in 2008–09 and again in 2020, visible in the chart, so this pillar is strongest in calm markets and least reliable in a crisis.

RULE 10B-18

The 1982 SEC safe harbor that set conditions on timing, price, and volume under which companies can repurchase shares without manipulation risk.

BUYBACK YIELD

Net repurchases ran near 2% of total U.S. market value per year through the 2010s (SEC staff study), a built-in bid for the whole market.

SHARE RETIREMENT

In late 2025, roughly one in six S&P 500 companies had shrunk its share count by 4% or more over the preceding twelve months, a direct boost to earnings per share.

03

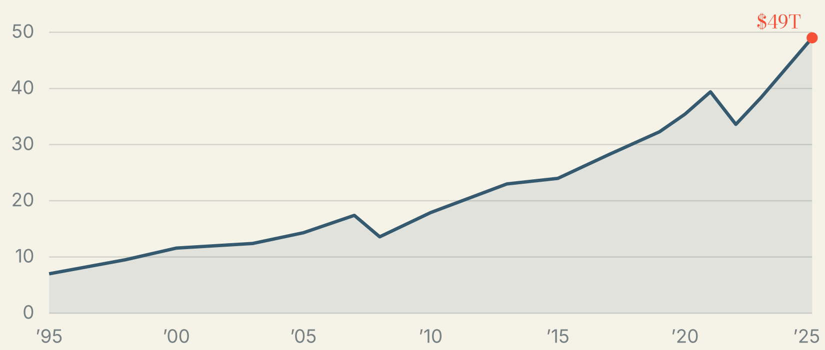
The retirement autopilot

Americans contributed about $846 billion to private-sector employer retirement plans in 2023, the latest Department of Labor tally, which excludes IRA contributions and government plans. Total U.S. retirement assets reached a record $49 trillion at the end of 2025, and in Vanguard's plan data 79% of 401(k) contribution dollars went into stocks.

What makes this demand relentless is that it is engineered to be automatic. Most large Vanguard-administered plans now auto-enroll new hires, 62% of participants held a target-date fund at the end of 2025, and only 5% of those directing their own investments traded at all. The money is invested before anyone can hesitate, paycheck after paycheck, in rising markets and falling ones.

TOTAL U.S. RETIREMENT ASSETS

$ TRILLIONS, YEAR-END



Source: Investment Company Institute, quarterly retirement market data. Includes IRAs, defined-contribution plans, and pensions.

Retiree withdrawals are the offset and will grow as the population ages, but even money leaving a workplace plan rarely leaves the market: some $670 billion was rolled into IRAs in 2022, and 86% of those households moved their balance across whole.

QUALIFIED PLAN

A tax-advantaged retirement plan: 401(k), 403(b), pension, IRA. Contributions are deducted from pay and invested on a fixed schedule.

TARGET-DATE FUND

A default all-in-one fund that holds mostly stocks for younger savers. Assets passed $5 trillion in 2025, and it is the most common default option in large plans.

AUTO-ENROLLMENT

Workers are enrolled unless they opt out, typically at 3–10% of pay with automatic annual increases. The SECURE 2.0 Act has required it of most new plans since 2025.

04

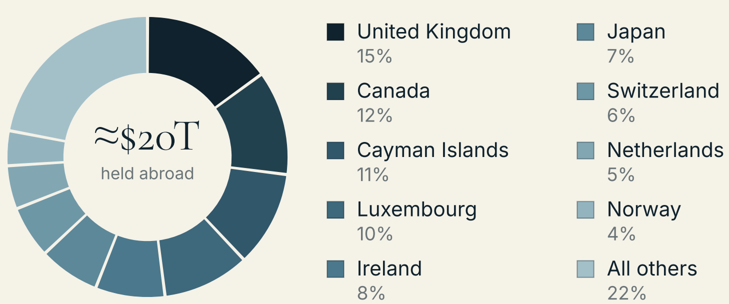
The world buys American

Foreign investors held nearly $20 trillion of U.S. stocks as of mid-2025, roughly 18% of the entire market, the highest share in records going back to 1945. That stake has been built patiently over decades, and lately the pace has accelerated rather than slowed.

In 2025, foreigners bought a record $720 billion of U.S. equities on a net basis, more than double the prior year, and the buying continued into 2026. The buyers are a who's-who of the world's most patient money: Norway's sovereign wealth fund, the largest on earth, keeps over half its assets in the United States, and Canadian pension plans and Japanese institutions have been holders for decades.

FOREIGN-HELD U.S. EQUITIES BY COUNTRY

SHARE OF FOREIGN HOLDINGS



Approximate shares of foreign-held U.S. equities, U.S. Treasury TIC survey. Holdings are recorded by the country of the holder of record, so fund domiciles such as the Cayman Islands, Luxembourg, and Ireland stand in for investors located elsewhere.

Why do they keep coming? For the world's savers, U.S. stocks are roughly 64 cents of every dollar in the global index. Avoiding them means avoiding most of the investable world. The flow can ebb with the dollar or trade policy, but it comes from institutions in dozens of countries.

TIC DATA

The U.S. Treasury's count of cross-border investment, the official record of what foreigners own and buy in U.S. markets.

SOVEREIGN WEALTH FUND

A nation's investment fund. Norway's $2 trillion fund holds about 53% of its assets in the U.S. and owns roughly 1.5% of every listed company on earth.

INDEX WEIGHT

The U.S. makes up about 64% of the MSCI All Country World Index, so any globally diversified saver is, by default, mostly a buyer of U.S. stocks.

05

The index effect

The machinery that carries much of the capital described so far into the market is the index fund, and it has quietly become the market's default owner. In late 2023, passive funds, those that track an index rather than choose stocks, surpassed active funds in assets for the first time. By the end of 2025 they held 55% of U.S. fund assets. That year alone, $951 billion flowed into passive funds while active funds saw $187 billion in outflows.

An index fund's mandate is simple. Be fully invested, at market weights, always. Dollars that arrive are put to work quickly, with little cash held back. Dividends re-enter the market the same way: of the record $664.9 billion S&P 500 companies paid in the twelve months through September 2025, the share sitting inside funds and retirement accounts is largely reinvested into the same stocks that produced it.

INDEX FUND

A fund that holds every stock in an index in proportion to its size, at minimal cost — no manager deciding what, or when, to buy.

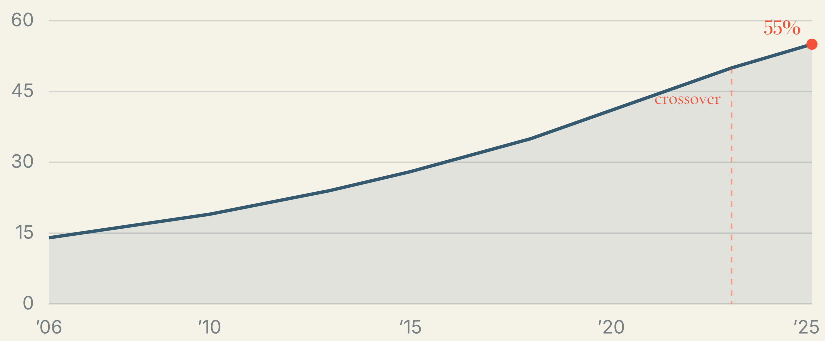
PASSIVE SHARE

Passive vehicles hold 55% of U.S. fund assets.

DIVIDEND REINVESTMENT

Cash dividends used to buy more shares automatically. Most of the S&P 500's long-run total return has come from reinvested dividends compounding.

PASSIVE SHARE OF U.S. FUND ASSETS
% OF FUND ASSETS



Source: Morningstar Direct via PWL Capital Passive vs. Active Fund Monitor. Pre-2016 values on the earlier methodology.

The wrinkle here is that index funds have no judgment in either direction. If redemptions ever came at scale, the same formula would sell as mechanically as it buys. So far, the net flow has mostly pointed one way: toward stocks.

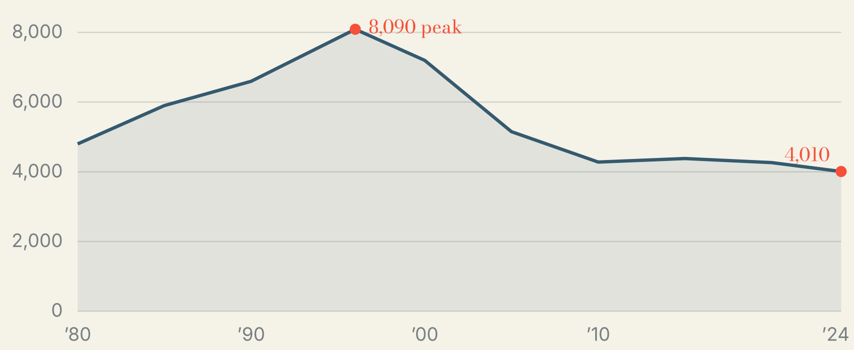
06

A shrinking market

Demand is half the story. The other half is that the U.S. stock market itself is getting smaller. There were roughly 8,000 listed U.S. companies in 1996; as of 2024, about 4,000. Mergers and buyouts remove companies from the exchanges, delistings remove more, and new listings no longer replace them: 2025's entire IPO crop raised only about $44 billion.

Private capital explains much of the rest. Companies that once needed the public markets to raise money can now stay private for years. Add the share retirement described previously, and the pool of publicly traded equity narrows from both directions at once.

U.S. LISTED COMPANIES — NUMBER OF DOMESTIC LISTINGS



Source: World Bank / World Federation of Exchanges, domestic listed companies.

When the pool of dollars grows every year and the number of companies to invest it in falls, upward pressure on prices follows at the margin, all else equal. That helps explain why valuation alone has been such a poor timing tool for this market.

DELISTING

Removal of a company's shares from an exchange, whether by acquisition, buyout, bankruptcy, or failure to meet listing standards.

LISTING GAP

The U.S. has far fewer public companies than an economy its size would predict, and the gap is the widest on record, even as total market value has tripled.

GOING PRIVATE

Private Equity owned U.S. companies now outnumber listed ones by more than two to one. Those are shares the public market can no longer buy.

07

The ledger, and the caveats

Recurring sources of standing demand.

STREAM	RECENT SCALE	ITS NATURE
Company buybacks	≈ $1.0 trillion	Authorized in advance and steady, but discretionary, and cut in recessions
Retirement contributions	≈ $850 billion	Automatic and payroll-driven; buys with every paycheck in any market
Foreign net buying	≈ $720 billion	Deep and broad-based, but sensitive to the dollar and to policy
COMBINED SCALE	**≈ $2.6 trillion**	
ADDITIONAL DRIVERS OF DEMAND		
Passive fund inflows	≈ $950 billion	Mechanical and fully invested by design; carry much of the flow above
Dividends paid	$664.9 billion	The share held inside funds and retirement accounts is largely reinvested

Figures are approximate, drawn from S&P Dow Jones Indices, the U.S. Treasury, the Department of Labor, and fund-flow trackers for the most recent available periods (2023 – mid-2026). Categories overlap in some cases.

WHAT COULD SLOW THE BID

- **Recessions.** Buybacks are cut hardest when support is most needed: they fell sharply in 2008–09 and 2020.
- **Demographics.** As retirees outnumber new savers, withdrawals will grow against contributions gradually, but persistently.
- **The world's appetite.** A weaker dollar, trade conflict, or better returns at home could slow foreign buying.
- **The machine runs both ways.** Passive flows amplify selling as mechanically as buying if redemptions ever come at scale.
- **Support is not immunity.** The declines of 2000–02, 2008, 2020, and 2022 all happened with much of this demand in place.

IN CLOSING

The bottom line

The relentless bid is not a forecast. It is a structural feature of the U.S. stock market: enormous amounts of capital buy stocks because they are programmed or mandated to, not because stocks look cheap that day. That does not prevent bear markets, but it does mean the buying continues through them.

For a long-term investor, the practical lesson is patience: selling into declines has meant trading against the largest, steadiest buyers in the market. How much of your own plan should lean on that support, and how much should be insulated from the moments it fails, is precisely the kind of trade-off we are here to weigh with you.

IMPORTANT DISCLOSURES

Data as of June 30, 2026 unless otherwise noted.

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Figures are approximate, drawn from third-party sources believed reliable, including S&P Dow Jones Indices, the U.S. Treasury, the Federal Reserve, the U.S. Department of Labor, the Investment Company Institute, and public market data as of mid-2026, and will change. The flows described are historical; past demand for stocks does not guarantee future demand, and stock prices can decline substantially regardless of the factors described here. Investing involves risk, including the possible loss of principal.

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ABOUT US

The firm

Meridian Passage exists to close a gap. The standard of disciplined, measured portfolio management and financial planning that the wealthiest families take for granted is rarely available to those below that threshold. We founded Meridian Passage to bring you the same framework, the same care, and the same long-term perspective, wherever you stand.

At its best, wealth management is not a collection of disconnected services. Investments, planning, taxes, and major financial decisions should inform one another. That coordination is often available to the wealthiest families through a family office structure; Meridian Passage applies the same principle through a direct relationship with a single advisor who understands your full financial picture. The portfolio and the plan are designed together, reviewed together, and recalibrated as your life changes.

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ABOUT US

The founder

15 years
INVESTMENT MANAGEMENT

Multi-asset
PUBLIC · PRIVATE · REAL ESTATE

$600M+
DIRECT INVESTMENTS LED

Founder × 3
FINANCIAL SERVICES & CONSUMER GOODS

MARTÍN GUERRERO

PRINCIPAL · CFA® · MBA

Meridian Passage was founded by Martín Guerrero, CFA®. He has spent his career on both sides of the table — investing capital for wealthy families and building companies of his own. Most advisors know one side or the other; the work here draws from both.

On the investment side, Martín has managed portfolios at scale for more than fifteen years. He spent eight years as Director at SunChase Holdings, a Scottsdale-based single-family office, overseeing a portfolio spanning stocks and bonds, private lending, private equity, and real estate development. He later co-founded Courtyard Advisors, a registered investment advisor serving wealthy families and their portfolio companies. In all, he has led more than $600 million in direct debt and equity investments.

As an operator, he founded Rhythm Beverage Group and built it into a consumer goods brand with national reach. Building a company from the inside teaches the mechanics behind the numbers: what it takes to win a customer and keep one, what working capital demands week to week, and how much of a business's real condition lives between the lines.

That combination, the investor's discipline and the operator's instinct, is the perspective behind every decision we make for you.