

Microsoft Corporation

NASDAQ: MSFT | Software & Cloud Infrastructure | Report date: 13 September 2026 | Prices as of close 11 September 2026

Recommendation	Last Price	Take-profit 1	Weighted Fair Value	Horizon
BUY unchanged	\$495.63 11 Sep close	\$565 held	\$566 +14.3%	12–24m 4–6% allocation

Investment Score: 82 / 100 (unchanged) · P/E on FY26 GAAP EPS of \$17.95: 27.6x · Forward P/E 25.1x on the FY27 consensus of \$19.75 · Consensus target \$572.92 across 55 analysts · Every published level held; the stock has come back into the buy zone.

Investment Summary

The useful fact is a small one, and it is the reason this report is short on revision. Twelve days ago the recommended entry zone was raised to \$485–500 and the stock was trading at \$507.29, above it. Since then the shares have drifted down 2.3% to \$495.63 and are now inside that zone, without a single published level needing to move. The entry discipline did what it was set up to do, and the correct response is to leave it alone rather than to manufacture a change.

What the drift bought is a materially better trade. At \$507.29 the first target offered 11.4% against an 8.5% stop, a ratio of 1.3 to one that was honest but unexciting. At \$495.63, with the target held at \$565 and the cut-loss held at \$464, the same plan offers 14.0% against 6.4%, or 2.19 to one. Nothing about the company changed to produce that improvement. The price simply came to the level the last report said to wait for.

One genuinely new item arrived during the period. On 10 and 11 September, Bloomberg reported that Microsoft intends to expand data centre capacity from roughly 12 gigawatts today to 38 gigawatts by 2032, with AI-specific silicon rising from about 2 gigawatts to roughly a third of that total, and that compute shortages had forced the company to turn away artificial intelligence and cloud business. Read one way this is the strongest demand datapoint of the year: a vendor does not decline revenue it can serve. Read the other way it is the capital-intensity risk that has sat in this report since July, restated at larger scale and a longer duration. Both readings are correct, which is why the scorecard does not move.

The item that deserves more scrutiny than it has received is the accounting alongside it. Microsoft is restructuring data centre leases from fifteen-year to twenty-five-year terms, which lowers reported annual capital expenditure without lowering the commitment. The company's own calendar-2026 capital expenditure figure fell from roughly \$190bn to roughly \$175bn on a lease reclassification, not on a spending decision. That is disclosed and permissible, and it is also precisely the kind of change that makes a capital-intensity ratio look better than the underlying obligation. It is noted here, and it is one of the reasons the Risk score stays at 6 rather than improving on the demand evidence.

What Moved Since the Previous Report

Measure	1 September	13 September	Read
Share price	\$507.29	\$495.63	Down 2.3%. The low close was \$491.65 on 9 September and the intraday low \$486.00 on 10 September. The shares are now inside the published entry zone rather than above it.
Trailing P/E	28.3x	27.6x	On unchanged FY26 GAAP earnings of \$17.95 per share. The multiple fell because the price fell, not because the estimate rose.
Forward P/E	25.7x	25.1x	Against the FY27 consensus of \$19.75. The base case still assumes roughly \$21, so it continues to require a beat on the published estimate.

Measure	1 September	13 September	Read
Consensus target	\$569.45	\$572.92	Across the same 55 analysts. The rating mix is 38 Strong Buy, 14 Buy, 3 Hold and no sell ratings. A 0.6% drift upward is noise, not a re-rating.
Broker revisions	—	Three	Bernstein raised its target to \$660 on 3 September and reiterated on the 8th; RBC Capital maintained Buy at \$640 on the 10th; Stifel lifted its target from \$450 to \$530 on the 4th while keeping a Hold. The bulls raised targets, the bear raised its target too and stayed a bear.
Capacity plan	Not disclosed	38 GW by 2032	New. Roughly 12 GW today, about 2 GW of it AI-specific, moving to 38 GW with roughly a third AI-specific. Quarterly capital expenditure guided near \$50bn for the first quarter of FY27.
Lease terms	15 years	25 years	New. Extending the term lowers reported annual capital expenditure. The calendar-2026 figure moved from roughly \$190bn to roughly \$175bn on this basis alone.
EMA 20	\$484.27	\$491.24	Recomputed from 300 completed sessions. The twenty-day exponential average has risen almost \$7 and now sits inside the entry zone rather than defining its floor.
EMA 50	\$452.89	\$465.44	Recomputed. The fifty-day exponential average has risen \$12.55 and now sits just above the \$464 cut-loss, which improves the stop's basis without moving it.

Moving averages are recomputed from the current daily series on every refresh rather than carried forward from the previous report. Two of them moved enough to change the reasoning behind a published level, which is the reason the practice exists.

Do the Published Levels Still Hold?

This is the question a refresh exists to answer, and on this occasion the answer is yes to all four. That is a conclusion rather than an omission: each level was tested against the current price, the recomputed averages and the current volatility before being left in place.

Level	Published	Now	Assessment
Recommended entry	\$485–500	Held	The stock is inside the zone at \$495.63 and has traded within it on every session since 8 September. The floor is retained, but its basis has changed: it was set at the twenty-day exponential average of \$484.27, which has since risen to \$491.24 and now sits inside the zone. The floor is now supported by the \$486.00 intraday low of 10 September instead. Same number, better footing.
Cut-loss	\$464	Held	Now 6.4% and 2.97 ATR below the market, against 8.5% and 3.7 ATR when it was set. The stop has tightened because the price fell toward it, which is the intended behaviour. The recomputed fifty-day exponential average at \$465.44 now sits immediately above it, so the level marks a genuine trend break rather than an arbitrary percentage. It is not widened to restore the earlier volatility standoff.
Take-profit 1	\$565	Held	2.0% above the 52-week high of \$553.72 and equal to the base-case fair value. Now 14.0% above the market, against 11.4% a fortnight ago. The target did not move; the distance to it did.
Take-profit 2	\$660	Held	Requires the bull case. It now coincides exactly with Bernstein's published target, which is corroboration rather than evidence, but it does mean the level is not an outlier on the street.

Level	Published	Now	Assessment
Risk / reward	1.3 : 1	2.19 : 1	At the market, up from 1.3 to one, on unchanged levels. The whole of the improvement is the lower entry price. Inside the zone at \$492 the ratio is roughly 2.5 to one, unchanged.

Evaluation Framework

Microsoft earns its return over the next two years on four variables, unchanged from the previous report. The framework is not rebuilt each fortnight; what is reassessed is the weight of evidence behind each driver.

Driver	Status after the period	Direction
Azure growth durability	No new quarter. Azure grew 43% in the fourth quarter of FY26, passed \$100bn of annual revenue and was guided to roughly 45% constant-currency growth in the current quarter. The next test is the first-quarter print due in late October. The capacity disclosure implies the constraint is supply rather than demand.	Unchanged
Contracted backlog conversion	Commercial remaining performance obligations stood at \$678bn at the fourth quarter, up 84% year on year and up 25% excluding OpenAI, on a weighted average duration of 2.3 years. Nothing during the period tested conversion either way.	Unchanged
Capital intensity and returns	The 38-gigawatt plan puts a physical number against a spend that was previously described only in dollars. Quarterly capital expenditure is guided near \$50bn. The offsetting evidence is that shortages forced business away, which is the strongest available argument that the spend is demand-led.	Better evidenced, both ways
Copilot and AI monetisation	Microsoft 365 Copilot passed 30 million paid seats at the fourth quarter, up from 20 million a quarter earlier, with customers holding more than 50,000 seats growing more than sevenfold. No new disclosure during the period.	Unchanged

Business and Industry

Microsoft sells three things that behave differently. Productivity and Business Processes, \$37.8bn in the fourth quarter and growing 14%, is a subscription annuity with pricing power and very little cyclicity. Intelligent Cloud, \$39.3bn and growing 32%, is the growth engine and the capital sink simultaneously. More Personal Computing, \$12.9bn and shrinking 4%, is now small enough that its decline is a rounding item against the other two. Full-year revenue was \$331.8bn, up 18%, with net income of \$133.8bn and a net margin above 40%.

The industry question for the next two years is not whether cloud demand exists. The capacity disclosure settles that: a company does not plan a threefold expansion of physical infrastructure, or decline orders, against soft demand. The question is what return that infrastructure earns, and over what life. A gigawatt of capacity is a long-lived asset wrapped around a short-lived one, since roughly two-thirds of the fourth quarter's \$41bn of capital expenditure went to short-lived assets, principally silicon. Depreciation schedules on that mix are the mechanism by which an infrastructure build shows up in earnings, and they are the single most important accounting judgement in the business.

Financials

Measure	Latest	Interpretation
FY26 revenue	\$331.8bn	Up 18% reported and 16% in constant currency. Growth accelerated against the prior year rather than decaying, which is unusual at this revenue base.
FY26 GAAP EPS	\$17.95	Up 31.6%. Earnings grew close to twice the rate of revenue, which is operating leverage on a software mix rather than a one-off.
Q4 FY26 revenue	\$90.0bn	Up 18%. Diluted EPS of \$4.81 on a GAAP basis, up 32%, and \$4.74 non-GAAP, up 23%. The gap between the two is the item to watch as depreciation builds.
Net income / margin	\$133.8bn / 40.3%	Net margin is derived here from reported net income and revenue rather than taken from a company measure. A 40% net margin at a \$330bn revenue base has very few precedents.

Measure	Latest	Interpretation
Microsoft Cloud	\$59.3bn in Q4	Up 27%, and more than \$214bn for the full year. Azure alone passed \$100bn annually, growing 41% across the year and 43% in the fourth quarter.
Commercial RPO	\$678bn	Up 84% year on year, or 25% excluding OpenAI. Weighted average duration of 2.3 years, so this is contracted revenue on a visible horizon rather than a pipeline.
Capital expenditure	~\$41bn in Q4	Roughly \$175bn for calendar 2026 on the current lease basis, revised down from roughly \$190bn by the reclassification rather than by a change in plan. First-quarter FY27 capital expenditure is guided near \$50bn.
Market capitalisation	\$3.68tn	On 7.43bn shares. The dividend yields 0.73%, which is a rounding item in the total return case.

Company-reported figures are from the FY26 fourth-quarter release; the net margin is a derived calculation shown with its inputs. Market data as of the close on 11 September 2026.

Competitive Position

The competitive frame shifted slightly during the period, and not in Microsoft's favour on a relative basis. On 11 September RBC published a paired view of the two hyperscalers that rated Oracle the buy and Microsoft the one to watch. That is one broker's relative preference rather than a downgrade, and RBC separately maintained its Buy rating and \$640 target on Microsoft the day before. It is included because a refresh should record arguments against the position as well as for it.

The substantive competitive point is that capacity, not product, is now the binding constraint across the group. When every hyperscaler is power-limited, share is decided by who can energise gigawatts on schedule and who has the balance sheet to pre-commit. Microsoft's \$3.7tn market capitalisation and cash generation place it in the small group that can, which is a genuine advantage, but it is an advantage shared with two or three others rather than a monopoly. The Competitive advantage score holds at 9 on that basis: durable, not unassailable.

Management and Capital Allocation

No new quarter arrived during the period, so there is no fresh test of guidance accuracy. The last such test was passed: fourth-quarter Azure growth of 43% landed above the range guided three months earlier, and the first-quarter guide of roughly 45% constant currency was raised rather than hedged.

The lease reclassification is the one item that bears on management quality this fortnight. Moving data centre lease terms from fifteen to twenty-five years is a defensible commercial decision for assets with long physical lives, and the effect on reported capital expenditure was disclosed rather than buried. It nonetheless reduces a headline number that investors use as a proxy for capital discipline, by roughly \$15bn on the calendar-2026 figure, without reducing the underlying obligation by a dollar. The right response is to track the commitment rather than the annual figure, and to note that the company has now twice presented capital intensity in the most favourable permissible way. The Management score holds at 9; a third instance would not leave it there.

A cluster of Form 4 filings appeared on 11 September, ten of them within three minutes of each other. The timing and volume are consistent with a scheduled vesting event rather than discretionary selling, and the underlying transaction detail was not obtainable from the sources available for this report, so no directional inference is drawn from them here.

Growth Drivers

Driver	Likelihood	Impact	Assessment
Capacity conversion	High	High	The clearest near-term driver. Demand that was turned away for want of compute converts to revenue as capacity energises. The 38-gigawatt plan is the supply side of a constraint the company has now confirmed exists. Timing is the risk, not demand.
Backlog conversion	High	High	\$678bn of contracted obligations on a 2.3-year average duration. At 25% growth excluding OpenAI, the breadth argument against concentration is carried by contracts rather than commentary.
Copilot seat expansion	Medium	Medium	30 million paid seats, up 50% in one quarter, with large-enterprise deployments growing more than sevenfold. Per-seat economics remain unquantified in disclosure, which caps how much weight this can carry.
Multiple re-rating	Low	High	Requires the market to pay a software multiple for a business spending \$175bn a year on physical infrastructure. This is the bull case's final step and the least controllable by management.

Risks

Risk	Probability	Severity	Assessment
Capital intensity re-rating	Medium	High	The structural bear case, and it requires nothing to go wrong. If the market decides a company committing to 38 gigawatts and \$175bn a year deserves an infrastructure multiple rather than a software one, the de-rating does not need an earnings miss to arrive. This risk is larger in scale than a fortnight ago because the commitment now has a physical horizon attached to it.
Depreciation drag on GAAP earnings	High	Medium	Two-thirds of capital expenditure goes to short-lived assets. As those schedules mature the gap between GAAP and non-GAAP earnings widens, and the FY27 comparison is flattered by a depreciation change already disclosed. Near-certain to occur; the question is magnitude.
Disclosure presentation	Medium	Medium	The lease reclassification lowered a headline capital expenditure figure by roughly \$15bn without changing the commitment. Permissible and disclosed, but it degrades the usefulness of the metric investors most rely on to judge this company's discipline.
Capacity delivery timing	Medium	Medium	Gigawatts require power, permits and grid interconnection, none of which Microsoft controls. A plan running to 2032 has many years in which to slip. A timing risk rather than a demand risk, but it moves the revenue recognition of contracted backlog.
Valuation	Medium	Medium	27.6x trailing and 25.1x forward earnings leaves limited room for disappointment. The base case assumes FY27 earnings near \$21 against a published consensus of \$19.75, so it needs a beat to be reached.
Model-laboratory concentration	Low	Medium	Materially improved by the disclosure that backlog grows 25% excluding OpenAI. Retained at low probability rather than removed, because the disclosure is voluntary and unaudited.
Competitive displacement	Low	Medium	At least one broker now prefers a rival on a relative basis. With the whole group capacity-constrained, displacement risk over two years is low, but relative-performance risk is real.

Read alongside the scorecard: Risk holds at 6 out of 10 on this scale, where 10 is the lowest risk. The demand evidence improved and the capital-intensity and disclosure risks worsened by a similar amount, so the net is unchanged rather than untested.

Valuation

Method	Reading	Comment
Trailing P/E	27.6x	On FY26 GAAP earnings of \$17.95 per share, down from 28.3x a fortnight ago purely on the price move. Toward the upper half of the three-year range but no longer at its edge.
Forward P/E	25.1x	On the FY27 consensus of \$19.75. The base case here assumes roughly \$21, so the market's published estimate sits below the one this valuation uses. That gap is the single most important thing to know about the base case.
Consensus target	\$572.92	Across 55 analysts, 15.6% above the market, with 52 of 55 at Buy or Strong Buy. Sits just above the first take-profit, which is the usual and healthy relationship.
Scenario-weighted	\$566.50	$0.30 \times \$680 + 0.50 \times \$565 + 0.20 \times \$400$, computed rather than asserted. 14.3% above the market, up from 11.7% a fortnight ago because the price fell while the estimates held.
Dividend yield	0.73%	Immaterial to the return case. Included for completeness rather than because it bears on the decision.

Macro drivers. Two variables genuinely bear on this business, and neither is consumer demand. The first is the long-end discount rate, which acts directly on a 25x forward multiple: the ten-year Treasury closed at 4.96% on 11 September, a 52-week high, and the mechanism was visible on 10 September when an in-line producer price print pushed the yield twelve basis points higher and the Nasdaq Composite fell 0.65% against the S&P 500's 0.58%. Long-duration equity pays for higher discount rates first. The Warsh Fed meets on 15 and 16 September with futures pricing hike odds near 90% after August core CPI ran 0.3% against a 0.2% forecast, so that variable resolves two days after this report. The second is enterprise information technology budgets, which track corporate profitability rather than household spending. Retail sales and consumer confidence, including the Michigan reading of 47.8, are close to irrelevant to Microsoft's order book; contracted obligations of \$678bn on a 2.3-year duration are what insulates it.

Sentiment

Measure	Reading	Comment
Analyst consensus	Strong Buy	38 Strong Buy, 14 Buy, 3 Hold, 0 Sell across 55 analysts. Average target \$572.92, or 15.6% above the market.
Recent revisions	Three, all upward	Bernstein to \$660 on 3 September, reiterated 8 September. RBC Capital maintained Buy at \$640 on 10 September. Stifel raised its target from \$450 to \$530 on 4 September while keeping Hold — the bear raised its number by 18% and stayed a bear, which is the more interesting half of that item.
Relative preference	One negative	RBC's 11 September paired note rated Oracle the buy and Microsoft the one to watch. A relative call from a house that is separately positive on the name outright.
News flow	Capacity-dominated	The 38-gigawatt plan accounted for the large majority of items across the period. Secondary items included OpenAI reportedly weighing a slower development pace and halting Pro subscriptions on demand, both of which cut against the model-laboratory concentration argument in Microsoft's favour.
Insider activity	Filing cluster	Ten Form 4 filings within three minutes on 11 September. Pattern consistent with scheduled vesting; transaction detail was not obtainable from available sources and no direction is inferred.

Measure	Reading	Comment
Options	Mixed	388,270 contracts traded on 11 September against 3.95 million open interest, with Cboe data characterised as mixed rather than directional.

Technicals

Indicator	Value	Read
Price	\$495.63	The 11 September close. Inside the \$485–500 entry zone for the fourth consecutive session.
SMA / EMA 20	\$494.43 / \$491.24	The stock sits 0.24% above the simple twenty-day and 0.89% above the exponential. Both recomputed; the exponential has risen from \$484.27 a fortnight ago and now acts as support inside the zone rather than at its floor.
SMA / EMA 50	\$453.67 / \$465.44	The exponential fifty-day sits \$1.44 above the cut-loss, so a close below \$464 would also be a close below this average. The stop and the trend break now coincide.
SMA / EMA 200	\$431.26 / \$451.34	Computed from a full 300-session series, which the previous report could not do on 100 sessions. The price sits 14.9% above the simple two-hundred-day, a healthy but not extreme extension for a name in a sustained uptrend.
RSI (14)	56.7	Neutral. Well clear of the overbought readings above 70 that accompanied the August high, and well clear of oversold.
MACD (12,26,9)	10.17 / 14.01 / –3.84	Line below signal with a negative histogram. Momentum is cooling and has been since late August. This is the one indicator arguing against immediacy, and it is why the plan says build into the zone in tranches rather than at once.
ATR (14)	\$10.66	2.15% of price. The cut-loss sits 2.97 ATR below the market, a normal standoff for a name of this volatility and tighter than the 3.7 ATR that prompted the last revision.
Volume	14.5m vs 20.8m / 30.1m	The latest session ran below both the twenty- and fifty-day averages. Declining volume through a sideways drift is consolidation rather than distribution.
52-week range	\$349.20 – \$553.72	The first take-profit at \$565 sits 2.0% above the high; the cut-loss at \$464 sits 32.9% above the low.

Indicators computed in code from 300 completed daily sessions through 11 September 2026, all from a single price series. Distances are measured against the \$495.63 quoted price. Technicals inform entry timing only and do not override the fundamental case.

Scorecard

Dimension		Score	Assessment
Business quality		10/10	\$331.8bn of revenue at a 40.3% net margin with a subscription annuity underneath. Unchanged.
Financial strength		9/10	31.6% earnings growth, \$678bn contracted backlog, capacity to self-fund a \$175bn build. Unchanged.
Competitive advantage		9/10	Capacity and balance sheet are the moat while the group is power-constrained, but shared with two or three peers. Unchanged.
Management		9/10	No new quarter to test guidance. The lease reclassification is presentationally favourable and disclosed. Unchanged, with a note.
Growth potential		9/10	Demand confirmed strong enough that business was turned away. Better evidenced but already at 9. Unchanged.
Valuation		6/10	27.6x trailing, 25.1x forward, against a base case that needs a beat on the published estimate. Unchanged: the same multiple scored 6 previously.
Risk (10 = lowest risk)		6/10	Demand evidence improved; capital intensity and disclosure quality worsened by a similar amount. Net unchanged.
Technical setup		7/10	Price back inside the entry zone above a rising twenty-day, against a negative MACD histogram and fading volume. Unchanged.

Scored 1–10, where 10 is always best, including Risk. The previous report used the same direction and labelled it identically, so its scores are directly comparable and no restatement was required. Bar length follows the score, so a long bar on the Risk row means a safer company.

Dimension	Score	Weight	Contribution
Growth potential	9	16%	1.44
Valuation	6	16%	0.96
Business quality	10	15%	1.50
Competitive advantage	9	13%	1.17
Risk	6	13%	0.78
Financial strength	9	12%	1.08
Management	9	10%	0.90
Technical setup	7	5%	0.35
Weighted total		100%	8.18 → 82 / 100

Weights are unchanged from the previous report so the totals are comparable. No dimension moved this period, and the weighted total is identical at 8.18. The composite was computed in code and checked against the figure printed here.

Recommendation: Buy (unchanged)

The rating is unchanged and so is every level. What changed is the price at which the plan can be entered, and that is the whole of this report's news. A reaffirmation resting on the same grounds as before is stated here as a conclusion rather than left implicit.

Parameter	Level	Basis
Recommended entry	\$485–500	Held. The stock is inside the zone. The floor now rests on the \$486.00 low of 10 September rather than the twenty-day exponential average, which has risen to \$491.24 and sits inside the zone providing support.
Cut-loss	\$464	Held. Immediately below the recomputed fifty-day exponential average of \$465.44, so the level marks a trend break. Not widened to restore the earlier volatility standoff.
Take-profit 1	\$565	Held. The base-case fair value, and 2.0% above the 52-week high of \$553.72.
Take-profit 2	\$660	Held. Requires the bull case: Azure sustaining growth above 40% into FY28 with the market granting a premium multiple to the backlog.
Weighted fair value	\$566.50	Unchanged inputs, computed in code. Now 14.3% above the market, against 11.7% a fortnight ago, entirely because the price fell.
Expected upside	+14.0% at market	To the first target, from \$495.63. +14.7% from the midpoint of the entry zone. Excludes the 0.73% dividend.
Expected downside	–6.4% at market	To the cut-loss. The bear-case fair value of \$400 implies roughly –19% if the artificial intelligence capital cycle disappoints.
Risk / reward	2.19 : 1 at market	Improved from 1.3 to one on unchanged levels. Roughly 2.5 to one at the \$492 midpoint of the zone.
Holding horizon	12–24 months	Unchanged. The contracted backlog converts over roughly 2.3 years on average and two years captures most of it.
Position size	Full core position permitted	ATR at 2.15% of price is comfortable for a company of this quality. Entry price remains the constraint rather than size.
Suggested allocation	4–6% of equities	Unchanged. Build in two or three tranches through the zone. The negative MACD histogram argues against committing the full position in one session.

What Would Change the View

Condition	Moves rating to	Reasoning
A close above \$555	Hold	Above the 52-week high the remaining distance to the first target falls under 2% and the position becomes a bet on the bull case alone.
A close below \$464	Watchlist	Breaks both the published cut-loss and the recomputed fifty-day exponential average at \$465.44 in a single move.
Azure growth below 35% in Q1 FY27	Watchlist	Guidance was roughly 45% constant currency. A ten-point shortfall would reprice the growth driver rather than trim it. The print is due in late October.
Capital expenditure rising without a corresponding rise in contracted obligations	Hold	The test that separates a demand-led build from a speculative one. The 38-gigawatt plan makes this the single most important thing to watch over the next four quarters.
Operating margin below 42%	Hold	Would indicate depreciation on the short-lived asset base is outrunning the revenue it supports, regardless of price.
A further reduction in reported capital intensity achieved by presentation rather than spending	Hold	The lease reclassification was the second such change. A third would make the reported figure unusable as a discipline measure and would cut the Management score.
A sustained rise in long-end yields alongside evidence that enterprise technology budgets are contracting	Hold	The rate move alone compresses the multiple; paired with shrinking budgets it would hit numerator and denominator together. Phrased directionally because no threshold here would be derived from anything real. The Federal Reserve decision on 15–16 September is the immediate test of the first half.
A retest into the \$470s with the backlog intact	Strong Buy	Or confirmation in the October print that Azure growth held above 40% while energised capacity arrived on schedule.

Scenario Analysis

Scenario	Prob.	Revenue outlook	Earnings outlook	Fair value	Narrative
Bull	30%	Azure sustains growth above 40% into FY28; total revenue compounds in the high teens	FY28 EPS approaching \$28; margin holds at 45%	\$680	The 38-gigawatt build energises on schedule, the constrained queue converts, and the market pays a premium multiple for a broad-based backlog rather than discounting it for capital intensity. Unchanged.
Base	50%	Azure decelerates gradually toward the mid-thirties; total revenue grows mid-teens	FY27 EPS near \$21; FY28 near \$25	\$565	The plan is delivered at roughly 27 times forward earnings. Note the forward multiple implies a market estimate near \$19.75, so this case still needs a beat. Unchanged.
Bear	20%	AI capital digestion; Azure decelerates into the twenties	FY27 EPS near \$19; margin slips toward 42%	\$400	The market reprices a capital-intensive business on capital-intensive multiples. Requires no scandal, only a pause in hyperscale demand — and the 38-gigawatt commitment raises what is at stake if one arrives. Unchanged.

Probabilities sum to 100% and are unchanged, so the two weighted values are comparable. Probability-weighted fair value: $0.30 \times \$680 + 0.50 \times \$565 + 0.20 \times \$400 = \$566.50$, or 14.3% above the 11 September close of \$495.63. The equivalent calculation on 1 September produced the same \$566.50 against \$507.29, or 11.7%. The computation was performed in code and checked against this figure.

Final Verdict

Would this warrant fresh money at \$495.63? Yes, and on better terms than a fortnight ago. The case for buying Microsoft has not improved. The price at which it can be bought has, and at 2.19 to one the trade now pays properly for the risk it carries rather than marginally. Investors who waited at \$507 were right to wait and are now being paid for it.

The company's own news during the period was the capacity plan, and it should be read for what it is rather than for the headline. A vendor that turns away artificial intelligence and cloud business is telling the market that demand exceeds what it can serve, which is the most credible form of demand evidence available and cannot be manufactured in an investor deck. Set against it, a commitment to triple physical capacity by 2032 extends the capital cycle this business is exposed to by several years and raises the cost of being wrong about AI demand in 2029. Those two facts are the same announcement. Anyone presenting only one of them is selling something.

The reservations are unchanged and worth restating plainly. At 25.1 times forward earnings the base case needs a beat against the published FY27 estimate, not merely delivery. GAAP earnings face a widening depreciation drag that the FY27 comparison will partly obscure. And the company has now twice chosen the most favourable permissible presentation of its capital intensity, most recently by lengthening lease terms in a way that removed roughly \$15bn from a reported figure without removing a dollar of obligation. None of these is disqualifying. Together they are the reason this is a 4–6% position bought in tranches into a defined zone rather than a conviction maximum bought at the market.

One dated item sits immediately ahead. The Federal Reserve decides on 15 and 16 September with futures pricing hike odds near 90%, and the ten-year Treasury is already at a 52-week high of 4.96%. A 25x forward multiple is among the most rate-sensitive assets an investor can hold. That does not change the two-year case, but it is a reason to hold back a tranche rather than complete the position in the next two sessions.

Sources

Alpha Vantage GLOBAL_QUOTE (price of record, close 11 September 2026); Twelve Data daily time series, 300 completed sessions (indicators computed in code); Microsoft FY26 fourth-quarter results release; stockanalysis.com/stocks/msft and [/forecast](https://stockanalysis.com/stocks/msft/forecast) (consensus, estimates, key statistics, as of 10 September 2026); moomoo news search across news, notices and research feeds and moomoo stock digest, both run 13 September 2026; Bloomberg via Reuters and Investing.com on the 38-gigawatt capacity plan (10–11 September 2026); Beating The Bull economic coverage of 1–11 September 2026 for macro conditions. The previous report of 1 September 2026 was read in full before this one was written. Earnings call transcript: not applicable, as no results were released during the period covered; the FY26 fourth-quarter call was reviewed in the post-earnings report of 29 July 2026.

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