Microsoft Corporation (NASDAQ: MSFT)

Equity research report | 14 November 2026 | Price of record $523.88 (close, 13 November 2026)

Metric	Value	Metric	Value
Verdict	Buy (unchanged)	**Fair value (weighted)**	$578.17 (+10.4%)
Investment Score	74.5 / 100 (previous 75.0)	**Base case**	$599.50 (+14.4%)
Price at last report	$555.80 (4 Nov close)	**Bull / bear**	$719.60 / $408.50
Move since last report	-5.7%	**Buying range / cut-loss**	$505-$530 / $478
Market value	about $3.89tn	**Targets**	$600 / $700
P/E, FY27 / FY28 EPS	26.2x / 21.8x	**Next results**	Q2 FY27, late January (expected, not yet announced)
52-week range (close)	$349.20-$555.80	**Annual meeting**	8 December 2026

Price of record is the 13 November 2026 close. Market value uses 7,427m shares outstanding at 30 September 2026. FY27 EPS is the consensus of $20.00 (45 analysts, 6 November); FY28 EPS of $23.98 is our estimate (see Valuation). Fiscal years end in June.

Verdict: Buy, set from fundamentals. Weighted fair value $578.17, 10.4% above $523.88; buying range $505-$530, cut-loss $478 on a daily close, targets $600 and $700. **Technical read (chart only): Confirms.** The uptrend is intact, with the price above a rising 50-day average and inside the buying range, so the chart supports buying within $505-530 rather than waiting.

Summary

Microsoft closed at $523.88 on 13 November, 5.7% below the $555.80 record close of the last report and back inside the $505-530 buying range that report set. Three things moved the price. On 5 November the AI infrastructure trade sold off hard after the midterm elections raised the odds of tighter rules on data-centre construction. The ten-year Treasury yield then climbed from 4.84% to 5.15% over six sessions on hot inflation data and talk of a December rate increase. And on 12 and 13 November Microsoft 365 suffered one of its longest outages, with Exchange Online, Outlook, Teams and Microsoft 365 Copilot disrupted across regions for a second day.

High development: the Microsoft 365 outage. It touched the flagship productivity franchise, so it is treated as a High item, but the sizing is small. Service credits are claim-based. Our range for claims is $0.2bn to $1.5bn, a one-off worth $0.02 to $0.16 of EPS, or 0.1% to 0.8% of fiscal 2027. The risk sits in the multiple and in Copilot adoption, not in the earnings, and Ignite on 17-20 November is the first test. The verdict and levels would be the same without the outage.

The case itself has not changed. Azure grew 48% in the September quarter and is guided to 49-50% in the December quarter; commercial remaining performance obligation is $677bn. Anthropic's IPO filing adds a second large AI lab committed to Azure, at least $44.9bn from November 2026 to June 2033. The base case is worth $599.50, on fiscal 2028 EPS of $23.98 at 25 times, and the probability-weighted value is $578.17, below the last report's $590.08 because a higher ten-year yield takes one turn off the base multiple. The Buy stands, and at $523.88 the price sits inside the range. The Investment Score is 74.5, down from 75.0.

Do the published levels still hold?

Level	Published 5 Nov	Anchor stated then	Anchor now (13 Nov)	Status
Buying range	$505-530	20-day low $504.96 and 50-day $515.34 inside; base case paying about 15% at the top	20-session low $504.96 (2 Nov); 50-day $519.00; base case $599.50 pays 13.1% at $530 and 18.7% at $505	Held; price inside the range
Cut-loss	$478 (daily close)	Below the 60-session closing low of $480.35	That low has rolled out of the window. 60-session closing low $483.24 (rising to $487.31 next session); 100-day SMA $480.12; 200-day EMA $477.20	Held at $478; 1.77 ATR under the range floor

Level	Published 5 Nov	Anchor stated then	Anchor now (13 Nov)	Status
Target 1	$611	Base case, FY28 EPS $23.49 at 26x	Base case $599.50, FY28 EPS $23.98 at 25x	Moved to $600
Target 2	$700	Two-year view	Just below the bull case of $719.60	Held at $700

Levels our own. Averages and ATR(14) computed from completed daily sessions through 13 November 2026. The cut-loss anchor is restated in dollars because the low it referenced has left the 60-session window; the stop was not widened.

The buying range holds. Its floor still sits on the 2 November low and the 50-day average has risen into the middle of it, while the base case pays 13-19% across it. The cut-loss stays at $478, now sitting just under the 100-day average and the current 60-session closing low, 1.77 times the 14-day ATR of $15.22 below the range floor. Target 1 falls to $600 from $611 because the base value is lower: fiscal 2028 EPS is higher at $23.98 against $23.49, but the multiple is 25 times against 26 with the ten-year above 5%. Target 2 stays at $700, just under the bull case. The stock closed inside the range on 11, 12 and 13 November and has not closed below $478 since the last report.

Business and segments

Microsoft now reports two segments. Agents and Infra brings together Azure, Microsoft 365 cloud, Dynamics, LinkedIn, GitHub and the model platform; it produced $76.8bn of the $92.3bn of September-quarter revenue, 83%, and $40.6bn of the $45.9bn of operating income. Devices and Consumer, covering Windows OEM, devices, Xbox, search and consumer Microsoft 365, produced $15.5bn of revenue and $5.4bn of operating income. The economics are therefore an infrastructure and software business with a consumer tail. Azure alone was $33.2bn in the quarter, up 48%, and Microsoft 365 cloud $27.8bn, up 17%, driven by higher revenue per user from Copilot, E5 and E7 upsell and 5% seat growth.

Industry

Cloud and AI infrastructure demand still exceeds supply. Microsoft says Azure demand is ahead of capacity, and the three largest AI labs have together disclosed hundreds of billions of dollars of multi-year compute commitments to the hyperscalers. The constraint is power, chips and permits rather than customers, which is why politics now matters: the midterm results raised the odds of state and local limits on new data centres. For an owner of existing and contracted capacity that is two-sided. It slows growth in capacity and keeps capex higher for longer per megawatt, but it also supports pricing for capacity already built, which is how the market read it on 4 November.

Financials

$m, quarter to 30 Sep	Q1 FY27	Q1 FY26	Change
Revenue	92,279	77,673	+18.8%
Azure revenue	33,165	22,384	+48.2%
Microsoft 365 cloud revenue	27,778	23,694	+17.2%
Operating income	45,915	37,961	+21.0%
Operating margin	49.8%	48.9%	+0.9 pts
Net income	36,629	27,747	+32.0%
Diluted EPS	$4.92	$3.72	+32.3%
Diluted EPS excluding OpenAI equity result	$4.89	$4.13	+18.4%
Effective tax rate	20%	19%	+1 pt
Operating cash flow	58,000	45,057	+28.7%
Cash capex (property and equipment)	39,367	19,394	+103%
Free cash flow (OCF less cash capex)	18,633	25,663	-27.4%

Source: Form 10-Q for the quarter ended 30 September 2026. EPS excluding the OpenAI equity-method result is our calculation from the company's disclosed effects (+$0.03 this year, -$0.41 last year). Free cash flow excludes finance leases, which management includes in total capex of $45.2bn.

Headline EPS growth of 32% flatters the year because last year's quarter carried a $0.41 loss on the OpenAI investment. Excluding that result in both years, EPS grew 18.4%, close to revenue growth, with a slightly higher tax rate offset by operating leverage. The quality of earnings is high: operating cash flow of $58.0bn ran well above net income. The pressure is in investment. Cash capex doubled to $39.4bn, so free cash flow fell 27% to $18.6bn even as profit rose, and management expects capex above $50bn in the December quarter.

The balance sheet carries the build but is no longer passive. At 30 September Microsoft held $64.5bn of cash and short-term investments against $35.5bn of debt; the $25bn of notes that closed on 4 November take gross debt to about $60bn, broadly matching cash. The larger commitment sits off the balance sheet: the quarterly filing discloses $364.6bn of leases, mainly data centres, signed but not yet commenced, starting between fiscal 2027 and fiscal 2034 with terms of up to 20 years. That figure, against long-term operating lease liabilities of $21.7bn today, is the clearest measure of how much future capacity Microsoft has already contracted, and it is why Financial Strength is scored 7 rather than 8. Total remaining performance obligation of $683bn, about 30% to be recognised within 12 months, is the revenue the leases are meant to serve. Legal accruals are modest at $582m, with up to about $400m more reasonably possible.

Company developments

Development	Status and date	What is known	What is forecast (and by whom)	Impact
Microsoft 365 global outage	Occurred 12-13 Nov; recovery in phases from 13 Nov	Exchange Online, Outlook, Teams, SharePoint, Microsoft 365 Copilot, Defender XDR and Purview affected; cause stated as overloaded server processes under elevated multi-region load; no sign of malicious activity	Service credits $0.2-1.5bn (our estimate)	High
Anthropic Azure commitment	Disclosed 26 Oct, amended filing 2 Nov; IPO trading as soon as 16 Nov	Anthropic commits to at least $44.9bn with Microsoft from Nov 2026 to Jun 2033, regardless of usage; Microsoft agreed in Nov 2025 to invest up to $5bn	About $6.7bn a year on average, 1.4% of FY28 base revenue (our calculation)	Medium
Data-centre politics after the midterms	Results 3-4 Nov; no new rule in place	Candidates opposing data-centre growth won widely, including in Texas; shares rose about 6.7% on 4 Nov	Analysts expect a more measured build-out (B. Riley Wealth, Yorkville Ives, 4 Nov)	Medium
Ignite conference	17-20 Nov, San Francisco	Annual enterprise launch event for Copilot, agents and Azure	Agent and Copilot pricing updates expected by brokers (Morgan Stanley preview, 12 Nov)	Medium
Copilot usage-based billing default	Pending, 1 Dec	Pay-as-you-go becomes the default on new Copilot Business licences bought through partners	None quantified	Medium
OpenAI relationship	Ongoing; 10-Q 28 Oct	$10.0bn of Q1 revenue, nearly 11%; receivable $7.2bn against $6.0bn in June; $12.0bn of $13.0bn funding commitment paid	None	Medium
Nscale Texas option	Reported 4-5 Nov	Microsoft did not take up an option to more than double a Texas capacity contract; existing contract unaffected (reported, unnamed source)	None	Low
Cerebras cloud agreement	Announced by Cerebras, 12 Nov	Cerebras named Microsoft as a new hyperscaler cloud customer; value not disclosed	Revenue from H1 2027 (Cerebras management)	Low
Optical transceiver import ban	Under consideration; reported 10 Nov	Microsoft has urged the administration not to ban new Chinese optical transceiver models	Affected 3.2 Tbps parts ramp from 2028 (Morgan Stanley)	Low

Development	Status and date	What is known	What is forecast (and by whom)	Impact
NVIDIA chief executive resignation	11 Nov (NVIDIA 8-K, 12 Nov)	Jensen Huang resigned as CEO and director; CFO is interim CEO	None for Microsoft supply	Low
Board change	8-K 5 Nov	Director Emma Walmsley will not stand for re-election on 8 Dec; board falls to 11	None	Low

Company filings, the Microsoft 365 status page as relayed by the press, Anthropic's registration statement and press reports. Forecasts are attributed; our estimates are labelled.

High item: the Microsoft 365 outage of 12-13 November

What is known. Problems accessing Exchange Online mailboxes began on the morning of Thursday 12 November, first in the Americas, and spread to Outlook, Teams, SharePoint, Microsoft 365 Copilot, Defender XDR, Purview and Power BI. Microsoft said a key process on affected servers became overwhelmed and stopped responding, that elevated load across several regions was a likely contributor, and that there was no indication of malicious activity. It paused deployments and considered reverting recent updates. On 13 November it reported early stabilisation, with capacity not yet back to baseline. A post-incident review had not been published at the time of writing.

Why it matters here. Microsoft 365 cloud is $27.8bn a quarter, 30% of revenue, and the seat base is where Copilot is sold. Revenue per user, not seat count, is now the growth driver, so customer confidence in the suite, and in Copilot running on it, is what the outage tests.

Economics. Microsoft's service level agreement pays credits when monthly uptime falls below 99.9% (25% of the affected service's fee), 99% (50%) or 95% (100%), but only on a claim by the customer's administrator. Microsoft 365 cloud revenue runs at about $9.3bn a month. Microsoft has not disclosed how many tenants were affected or for how long, so our range assumes claims worth 2% to 16% of one month's Microsoft 365 cloud revenue, $0.2bn to $1.5bn. After tax at 20% over 7,446m diluted shares that is $0.02 to $0.16 of EPS, 0.1% to 0.8% of fiscal 2027 consensus, falling in the December or March quarter. It is a one-off, so its effect on value is the amount itself, at most about $0.16 a share.

Input	Value	Basis
Microsoft 365 cloud revenue, Q1 FY27	$27,778m	10-Q
Monthly run-rate	$9,259m	Our calculation
Credits claimed	2%-16% of one month	Our assumption; tenants and duration not disclosed
Tax rate / diluted shares	20% / 7,446m	10-Q, Q1 FY27
FY27 EPS (base)	$20.00	Consensus, 6 Nov
FY28 EPS (base)	$23.98	Our estimate

Inputs for the outage sizing. All arithmetic is our own.

Precedent and competitors. Microsoft has had multi-hour Microsoft 365 outages before, including in September 2020, and the July 2024 CrowdStrike failure disrupted Windows machines worldwide; none produced a visible change in Microsoft 365 seat growth or pricing in the following quarters. Switching a large enterprise off the suite takes years. Google Workspace is the only scale alternative and will use the episode in its sales pitch.

Sized outcomes. Success: the outage is contained, credits sit at the bottom of the range and Ignite moves attention to agents, so EPS falls by about $0.02 and the multiple is unaffected. Base: credits near the middle of the range, about $0.09, booked in the December or March quarter, with no lasting effect on renewals. Failure: a second incident or a slow, unclear post-incident review feeds caution on Copilot renewals, worth perhaps one turn on the multiple, about $24 a share on base fiscal 2028 EPS. That failure path is part of what the bear case carries, and is not added separately.

What the price assumes. The shares fell 3.9% between the 9 November close and the 13 November close, a period that also included the NVIDIA leadership change and a rise of about 27bp in the ten-year yield, so the outage cannot be isolated as the cause. The base case assumes no lasting effect. The verdict, the levels and the scores, apart from Management, would be the same without it. **What is unknown:** the number of tenants affected, total duration and the root

cause, which a post-incident review and Ignite commentary should settle within weeks.

Medium items

Anthropic's registration statement shows Microsoft as one of three cloud suppliers with usage-independent commitments: at least $44.9bn to Microsoft through June 2033, against about $121.3bn to Google and $110.0bn to Amazon. Averaged, the Microsoft commitment is about $6.7bn a year, 1.4% of base fiscal 2028 revenue. It matters more for concentration than for growth: a second lab committed to Azure lowers the weight of OpenAI in the backlog, which was the main route to the bear case. Part of it is likely already inside the $677bn commercial obligation figure. Anthropic's listing, possibly from 16 November, may also put a market value on Microsoft's stake; any gain would sit in other income and is excluded from the valuation. The election result and the Nscale decision point the same way: capacity will be added more slowly and at a higher cost per megawatt, which keeps capex high but supports pricing on contracted capacity. Ignite and the 1 December Copilot billing change are the two dated tests of Copilot monetisation.

Growth drivers

Driver	Status	Likelihood	Impact	Comment
Azure AI and core cloud demand	Guided 49-50% cc for Q2 (company)	High	High	Capacity-limited; Q2 results in late January (expected)
Copilot and agents in Microsoft 365	Ignite 17-20 Nov; billing default 1 Dec	Medium	Medium	Revenue per user rising; Copilot revenue not disclosed
Multi-lab platform (OpenAI, Anthropic, in-house models)	Anthropic commitment disclosed 26 Oct	High	Medium	Lowers single-customer weight
Maia 300 accelerator	Deployment due 2027 (company)	Medium	Low	Cost lever, small in base case
Contracted capacity ($364.6bn of leases)	Commencing FY27-FY34	High	High	Both the growth engine and the main fixed cost

Status as announced by the company unless labelled.

Competitors

Company	Position	Read for Microsoft
Amazon (AWS)	Largest cloud by revenue; at least $110.0bn of Anthropic commitments	Strong in infrastructure; weaker in enterprise applications
Alphabet (Google Cloud)	Fastest-growing large cloud; at least about $121.3bn of Anthropic commitments; own TPU chips	The main share-gain threat in AI compute and the only scale productivity rival
Oracle	Large AI capacity contracts, heavily debt and lease funded	Competes for the same AI lab contracts at higher leverage
CoreWeave and neoclouds	GPU capacity sold to labs and hyperscalers	Both supplier and competitor; Microsoft has trimmed some neocloud options

Commitment figures from Anthropic's registration statement as amended on 2 November 2026.

Microsoft's moat is distribution: hundreds of millions of commercial Microsoft 365 seats, the Windows and identity estate, and an enterprise sales force that bundles Azure, security and Copilot. Google competes harder on AI compute and has the larger Anthropic commitment, but cannot match the enterprise footprint. Competitive Advantage is scored 9 because two of the three leading labs now run large, committed workloads on Azure alongside Microsoft's own models.

Management

Management beat its own Azure guide in the September quarter and guided higher for December, and its fiscal 2027 cost actions, a voluntary exit offer for up to 60,000 staff, are inside the December-quarter guidance. Capital allocation is shifting from buybacks, $4.4bn in the quarter, to capacity, with dividends of $6.8bn. Two marks against: the two-day outage of the flagship suite is an operating failure, and Copilot revenue remains undisclosed. Management is scored 7, one point lower, for the outage. Insider activity was routine: the chief financial officer sold 7,305 shares at about $544 on 9 November and executive vice president Takeshi Numoto 5,000 at $531 on 10 November, while the chief executive's only filing was a gift.

No officer or director adopted or ended a trading plan in the September quarter.

Risks

Risk	Probability	Severity	Comment
Capex outruns contracted demand	Medium	High	Bookings fell 12% in Q1 while $364.6bn of leases wait to commence
OpenAI concentration	Medium	High	Nearly 11% of Q1 revenue and a rising receivable; Anthropic offsets part
Discount rate	Medium	Medium	Ten-year at 5.15% with a December Fed increase being priced
Operational resilience	Medium	Medium	Two-day Microsoft 365 outage; a repeat would hit Copilot trust
Cloud margin compression	Medium	Medium	Microsoft Cloud gross margin 66%; depreciation rising fast
Lease and debt commitments	Medium	Medium	$25bn of notes in November and long lease tails
Data-centre policy	Medium	Low	Local curbs slow new capacity; may support pricing
Competition	Medium	Medium	Google Cloud gaining in AI compute
Consumer devices	High	Low	Windows OEM and devices revenue fell 22% in Q1

Probability and severity are our assessments over 12-24 months.

Valuation

At $523.88 Microsoft trades on 26.2 times fiscal 2027 consensus EPS of $20.00 and 21.8 times our fiscal 2028 estimate of $23.98. That estimate takes the $23.69 consensus from before the September-quarter results and lifts it by the 1.2% that fiscal 2027 consensus rose after them, from $19.76 to $20.00. Price to earnings on fiscal 2028 is the right basis: depreciation from the build is rising, cash flow is temporarily depressed by capex, and earnings capture both. A base multiple of 25 times sits below the multiples Microsoft has typically carried in recent years, because the ten-year yield is above 5% and free cash flow is falling while capex doubles. The base case is $599.50, the bull case $719.60 and the bear case $408.50; weighted, $578.17, 10.4% above the price. On that basis the shares are modestly undervalued.

Macro drivers. Two matter. The first is the long-end discount rate: the ten-year yield reached 5.15% on 13 November, up from 4.84% on 5 November, after October CPI rose 0.4% against 0.3% expected and a weak ten-year auction; the Fed held at 3.75-4% in late October with two votes for an increase, and payroll strength lifted December increase odds to near 79%. Microsoft is net-cash-neutral after the notes, so the effect is on the multiple rather than the interest bill. The second is enterprise technology spending and the AI capacity cycle, where demand is still limited by supply, which makes Azure less sensitive to the economy for now than Windows and devices are.

Sentiment

Analysts remain positive. A count of 58 analysts on 6 November showed 53 Buy-type ratings and 5 Holds, with an average target of $634.14. Since the last report, Morgan Stanley held Buy at $650 (13 November), RBC held Buy at $640 (10 November), Bernstein held $722 (6 November) and Daiwa raised its target to $620 from $595 (4 November); the one recent downgrade, President Capital to Neutral with a $570 target, came on 30 October. Company notices show routine Form 4 sales and the board change, and nothing about the outage beyond the company's status updates. The news tone over the last week has turned cautious on the outage and on rates, while broker tone has not moved.

Institutional positioning is Mixed (as of 30 June 2026, filings through 19 August 2026). Active managers made a net reduction of about 2.0% of reported shares over four quarters, the latest quarter was the largest of the last six, and the number of managers adding and cutting was about equal; the read leans cautious. Based on reported holdings filed by the cutoff. Late filers are not included, and passive, strategic and mixed holders are left out of the flow measure.

Scorecard

Criterion	Score		Weight	Change	Basis
Business Quality		**9/10**	15%	0	Agents and Infra is 83% of revenue at a 53% operating margin; capital intensity is rising.
Financial Strength		**7/10**	15%	-1	$58bn quarterly operating cash flow and AAA ratings, against $25bn of new notes and $364.6bn of leases not yet commenced.
Competitive Advantage		**9/10**	15%	+1	Enterprise distribution plus Azure scale; Anthropic's commitment puts a second leading lab on Azure.
Management		**7/10**	10%	-1	Beat the Azure guide, but a two-day outage of the flagship suite and Copilot revenue still undisclosed.
Growth Potential		**8/10**	15%	-1	Azure guided to 49-50%, but bookings fell 12% and new capacity will come more slowly after the midterms.
Valuation		**6/10**	20%	+1	21.8x FY28 EPS; weighted value 10.4% above the price, against 6% at the last report.
Risk (10 = lowest risk)		**6/10**	10%	0	Strong cash generation against concentration, lease commitments and an operational lapse.

Scored 1–10, where 10 is always best, including Risk. Investment Score 74.5 / 100 with weights 15/15/15/10/15/20/10; previous 75.0 on the same weights.

The Investment Score slips to 74.5 from 75.0. Valuation gains a point because the price is 5.7% lower and the weighted value now sits 10.4% above it. Competitive Advantage gains a point on Anthropic's commitment. Management loses a point for the outage, Financial Strength a point for the size of contracted leases not yet on the balance sheet, and Growth Potential a point because capacity will arrive more slowly. Business Quality and Risk are unchanged: segment margins and the balance of cash generation against concentration are as they were. Risk 6/10 means moderate risk, and the risks section describes a highly cash-generative business carrying concentration and commitment risk; the two agree.

Scenarios

Case	Prob.	Outlook and outage assumption	FY28 EPS x multiple	Value	vs price
Bull	22%	Azure stays above 45% into FY28, Copilot billing adds a second leg; outage contained. Revenue $495bn, pre-tax margin 48.3%.	$25.70 x 28	$719.60	+37.4%
Base	53%	Azure eases toward 40% as capacity catches up; one-off outage credits, no lasting effect. Revenue $470bn, pre-tax margin 47.5%.	$23.98 x 25	$599.50	+14.4%
Bear	25%	AI demand pauses or OpenAI slips, Azure falls to the twenties, and outage-led caution slows Copilot. Revenue $440bn, pre-tax margin 45.6%.	$21.50 x 19	$408.50	-22.0%
Weighted	100%			$578.17	+10.4%

Our scenarios. Pre-tax margin implied by EPS, share count and a 20% tax rate. Fiscal 2028 ends June 2028.

The base case gets 53%: Microsoft has guided Azure higher for the next quarter, estimates rose after the results, and $677bn of commercial obligations underpin revenue. The bull case gets 22%, because it needs Azure growth to stay above 45% for six more quarters while capacity is constrained and rates are rising. The bear case gets 25%, more than a company with this cash generation would usually carry, because one customer is 11% of revenue, bookings fell, and markets have twice in two weeks punished AI capex. The outage does not move the probabilities; the evidence on it is too thin.

Recommendation and trade plan

Buy, unchanged. Microsoft offers a 48%-growth cloud business, a dominant enterprise software franchise and $58bn of quarterly operating cash flow at 21.8 times fiscal 2028 earnings. The reasoning has shifted slightly: valuation is more supportive than at the last report, while management and growth score a little lower. Inside $505-530 the base case pays 13-19%.

Item	Level	Basis
Recommended entry	$505-530, in tranches	No new money above $530
Ideal buy range	$505-530	Floor on the 2 Nov low of $504.96; 50-day average $519.00 inside
Cut-loss	$478 (daily close)	Below the 100-day SMA ($480.12) and 60-session closing low ($483.24); 1.77 ATR under the floor
Target 1	$600	Base case, FY28 EPS $23.98 at 25x
Target 2	$700	Just below the bull case of $719.60
Expected upside / downside	+15.9% / -7.6%	From the range midpoint of $517.50 to target 1 and to the cut-loss
Risk / reward	2.1 : 1 to target 1; 4.6 : 1 to target 2	From the range midpoint
Holding horizon	12 to 24 months	
Position size	Core position, built in tranches, sized for a 15% loss	A gap through $478 on a results day is possible
Suggested allocation	3% to 5% of equities	

Levels our own. The range applies before and after Ignite (17-20 November) and the 1 December Copilot billing change.

What would change the view

Condition	Direction
Azure at or above 49% in the December quarter with capacity arriving on schedule	Better
Commercial RPO growing again on the quarter, with bookings positive	Better
Copilot revenue disclosed, or usage billing showing real uptake after 1 December	Better
Maia 300 in volume production with a disclosed cost saving	Better
A second major Microsoft 365 outage, or customers citing it in renewals	Worse
Capex guidance rising faster than contracted obligations	Worse
Further large bond or lease financing with no matching rise in RPO	Worse
OpenAI's receivable growing faster than its revenue, or its contracts slipping	Worse
Microsoft Cloud gross margin falling well below 66% without faster Azure growth	Worse
A daily close below $478	Worse
A sustained rise in long-end yields alongside contracting enterprise technology budgets	Worse
Legal limits that delay Microsoft's own leased sites, not only new entrants	Worse

Technical read

Chart as of 13 November 2026 close.

Verdict: Buy, from fundamentals. **Technical read (chart only): Confirms.** The uptrend is intact, with the price above a rising 50-day average and inside the buying range, so the chart supports buying within $505-530. A daily close below the 50-day average at $519 would leave the range floor near $505 as the next support.

The chart state is uptrend: the 50-day average is rising and sits above the 200-day, the price is above both, there has been no new 60-session closing low in the last five sessions and no close under the 200-day in the last ten. Momentum has

cooled since the record close of 4 November. RSI is neutral and MACD has crossed below its signal line, and the gap left on 4 November between $520.99 and $542.30 was filled on 13 November.

Indicator	Value	Read
Price of record	$523.88	13 November close
20-day SMA / EMA	$529.39 / $528.29	Price -1.0% / -0.8%
50-day SMA / EMA	$519.00 / $516.07	Price +0.9% / +1.5%; rising
100-day SMA / EMA	$480.12 / $492.42	Price +9.1% / +6.4%
200-day SMA / EMA	$441.42 / $477.20	Price +18.7% / +9.8%
RSI(14)	48.8	Neutral
MACD (12,26,9)	2.02 vs signal 3.84	Histogram -1.83; momentum fading
ATR(14)	$15.22	2.9% of price
Volume, 20-day vs 50-day	26.2m vs 23.3m	Above average through the sell-off
Support	$519.00, $504.96, $483.24	50-day, 20-session low, 60-session closing low
Resistance	$529.39, $555.80, $559.15	20-day, record close, record intraday high

Computed from completed daily sessions (unadjusted for dividends) through 13 November 2026; distances measured against the price of record.

The Technical read looks only at the price chart. It does not change the verdict or the Investment Score, and only guides entry timing.

Final verdict

Would new money go in today? Yes, inside $505-530, which includes $523.88. Microsoft is still the large cloud platform best placed to fund AI capacity from its own cash, it has a second leading lab committed to Azure, and the price now pays for it at about 22 times fiscal 2028 earnings. The single biggest concern is unchanged: commitments, now including $364.6bn of leases, are growing faster than visible new demand, and the outage adds an operational question to that financial one. The outage did not drive the verdict. A weaker December-quarter backlog, a repeat outage or a daily close below $478 would invalidate the case.

Sources

Microsoft Corporation, Form 10-Q for the quarter ended 30 September 2026, filed 28 October 2026 (accession 0001193125-26-436133), sec.gov.

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Institutional holdings: Beating The Bull quarterly 13F read for the quarter ended 30 June 2026.

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