

Microsoft Corporation

NASDAQ: MSFT | Software and cloud infrastructure | Price-level review | 7 October 2026

Rating	Last close	Weighted fair value	Entry zone	Cut-loss
BUY	\$529.30	\$564.50	\$495 – \$510	\$484
reaffirmed; do not chase	6 Oct 2026; +6.3% since 24 Sep	unchanged; 6.7% above price	raised from \$485–\$500	raised from \$471

Microsoft stays a Buy, but not at today's price. The shares closed at \$529.30 on 6 October, 6.3% above the \$497.93 the last report was written on and 5.9% above the top of its \$485 to \$500 entry zone. Nothing underneath moved: there has been no new quarter, no change to guidance and no development that alters fiscal 2027 or 2028 earnings, so weighted fair value holds at \$564.50. What changed is the arithmetic of buying. From \$529.30, take-profit 1 at \$565 is 6.7% away and the recomputed cut-loss is 8.6% below, a reward-to-risk of 0.79 to one. Inside the new \$495 to \$510 zone the same trade offers about 3.4 to one. The moving averages that anchored the levels have risen, so the zone and the stop move up with them; the stop is tightened, never widened. Investment score 79 out of 100, from 81, with the whole change in Valuation. First-quarter fiscal 2027 results are expected on 4 November. All figures are as at the 6 October 2026 close.

What has changed since the last report

The 25 September report found the stock inside its zone at \$497.93 and raised the cut-loss to \$471 because the fifty-day average it was anchored to had risen. The next session the shares rose 3.7% to \$516.17 on 38.2m shares, more than twice the 20-day average, and they have not returned to the zone since. The rise came with a run of raised broker targets and with the market's largest companies setting new highs. The company's own news in the period was minor.

Reference point	Price	Versus today	What it was
Close, 24 Sep	\$497.93	+6.3%	The price of record in the last report; inside the zone
Close, 25 Sep	\$516.17	+2.5%	Up 3.7% on 38.2m shares; left the zone
Close, 1 Oct	\$512.80	+3.2%	The low close of the period after leaving the zone
Intraday high, 6 Oct	\$535.69	–1.2%	The high of the period
Close, 6 Oct	\$529.30	—	Price of record; 4.4% below the \$553.72 fifty-two-week high

Price path from a Twelve Data daily OHLCV series of completed sessions. The 6 October close of \$529.30 from Alpha Vantage is the price of record.

Do the published levels still hold?

Two of four hold and two move, all on their stated anchors. The cut-loss was set just below both fifty-day averages, then \$475.30 (exponential) and \$473.51 (simple). Recomputed from the full series they are now \$486.73 and \$493.40, so a close at \$471 would no longer mark the trend break it was set to mark. The cut-loss is raised to \$484, again just below both. The entry zone's floor rested on the \$486 low of mid-September, which now sits \$2 above the new stop and would leave no room between entry and exit. The zone is therefore raised to \$495 to \$510: the floor sits just above the simple fifty-day, the top just above the twenty-day averages of \$504.71 and \$507.71. Take-profit 1 stays at \$565, equal to base-case fair value, and take-profit 2 at \$660, which requires the bull case. The stop sits 3.9 average true ranges below the market (\$11.72 ATR) and 1.6 below the zone midpoint.

Level	25 Sep report	This report	Basis
Entry zone	\$485 – \$500	\$495 – \$510	Raised: floor above the simple fifty-day (\$493.40), top above the twenty-day averages
Cut-loss	\$471	\$484	Raised: just below both recomputed fifty-day averages (\$486.73 and \$493.40)
Take-profit 1	\$565	\$565	Held: base-case fair value; 2.0% above the fifty-two-week high
Take-profit 2	\$660	\$660	Held: requires the bull case; 24.7% above the market

Moving averages and ATR computed from a 300-session daily series ending 6 October 2026.

Company developments

Nothing material was found in the period. The most notable items are a one-month delay to the Copilot billing change and a custom accelerator that was reported for a September unveiling and has not yet appeared. The large items from the last report, the lease commitments and the reported capacity plan, are carried below because they still shape the scores.

Development	Status and date	What is known	What is forecast (and by whom)	Impact
Usage-based billing default for Copilot Business	Moved to 1 Dec 2026 (notice of 1 Oct)	Pay-as-you-go becomes the default for new Microsoft 365 Copilot Business licences bought through partners, with a default limit of 4,000 Copilot Credits per user per month; previously set for 2 November	None quantified	Medium
Copilot discounts for large seat commitments	Reported; from October	Reported discounts of 30% to 50% on Microsoft 365 Copilot for large commitments; not confirmed by the company	Adverse case about 1% of FY27 EPS (own estimate, 25 Sep)	Medium
Maia 300 accelerator	Pending; reported for September	Reported in August as due for unveiling in September with TSMC capacity for more than 300,000 units in 2027; not unveiled as of 7 Oct	Lower inference cost if it ships as reported	Medium
Data-centre lease commitments	Disclosed 29 Jul 2026 (FY26 10-K)	\$329.1bn signed but not commenced at 30 June 2026, starting FY27 to FY33	—	High (carried)
Capacity plan to 2032	Reported 10 Sep 2026	Reported plan from about 12 GW to 38 GW by 2032; not confirmed by the company	—	High (carried)
Product events	7 Oct and 20 Oct 2026	Windows and Surface event on 7 October; OneDrive and Copilot event on 20 October	—	Low
Quarterly dividend	Raised 15 Sep 2026	\$0.98 per share, up 8%, payable 10 December	—	Low

Microsoft Partner Center announcements (October 2026), FY26 Form 10-K and investor relations releases; reported items attributed to established outlets as in the Sources list.

The billing delay is a matter of weeks and affects only new Copilot Business licences, so it moves no estimate. Neither the reported discounts nor the accelerator has new evidence behind it. No development in the period changed the verdict, the fair value or any score; the level changes come from the moving averages alone.

Growth drivers

Driver	Status	Fact	Forecast (by whom)	Likelihood / impact
Azure and AI infrastructure	Capacity-constrained	Demand exceeds supply on the company's own account	Q1 FY27 Azure growth guided around 45% (management, July)	High / High
Microsoft 365 Copilot	Shipping; pricing in flux	Usage-based default from 1 December for new Business licences	Volume over price (company framing)	Medium / Medium
Custom silicon (Maia)	Reported, not unveiled	Maia 200 in service	300,000+ Maia 300 units in 2027 (reported)	Medium / Medium
Capacity build	Under construction	\$329.1bn of leases starting FY27 to FY33	38 GW by 2032 (reported)	High / High

Company filings and announcements; reported items as attributed.

Valuation

Fair value is unchanged at \$564.50 because none of its inputs changed: the scenarios rest on fiscal 2027 and 2028 earnings, and no quarter, guidance or development has moved them. The multiple did move. At \$529.30 the stock trades at 26.8 times forward earnings, up from 25.2 times, and 29.4 times trailing, up from 27.7 (own calculation on unchanged earnings). Expected return to fair value has fallen from 13.4% to 6.7%, which is why Valuation drops from 6 to 5.

Measure	At \$529.30	At \$497.93 (24 Sep)	Comment
P/E, forward	26.8x	25.2x	Own calculation on unchanged forward earnings
P/E, trailing	29.4x	27.7x	Own calculation on unchanged trailing earnings
Expected return vs weighted fair value	+6.7%	+13.4%	Fair value held at \$564.50
Market capitalisation	~\$3.93trn	~\$3.70trn	About 7.43bn shares

Multiples computed on the earnings bases used in the 25 September report.

The macro variables that matter here

Two variables matter. Enterprise technology budgets set demand for the software base; the September payrolls rise of only 29,000, with unemployment at 4.2%, is the kind of signal that would show up there first, though nothing in the company's own news suggests budgets are moving. The second is the discount rate on a 27 times forward multiple. The 10-year reached 5.31% on 5 October, from 5.18% at the last report, with ISM services prices at 74.0, a four-year high. The Federal Reserve raised its range to 3.75%–4.00% on 16 September and meets again on 27–28 October. A higher multiple on unchanged earnings, against a higher long end, is a weaker valuation position than a fortnight ago.

Risks

Risk	Probability	Severity	Comment
Capital intensity re-rating	Medium	High	The structural bear case: \$329.1bn of fixed commitments turns a demand pause into a margin problem
Discount-rate pressure	Medium	Medium	The 10-year at 5.31% against a multiple that has expanded to 26.8x forward
Depreciation and lease drag	High	Medium	Short-lived silicon and lease costs commencing FY27 to FY33; the question is magnitude
Entry risk at the current price	High	Low	Reward-to-risk of 0.79 to one at market; the case for buying depends on the zone
Copilot price erosion	Medium	Low	About 1% of FY27 EPS in the adverse case; the larger effect would be on sentiment
Capacity delivery timing	Medium	Medium	Power, permits and interconnection sit outside the company's control
Regulatory	Low	Medium	The FTC's cloud and AI inquiry continues with no new action in the period

Probability and severity are this report's judgement.

Risk scores 6 out of 10, where 10 is the lowest risk. The section describes a high-quality business carrying a large fixed commitment and a rate-sensitive multiple, which is a middling risk profile; the score and the section agree.

Sentiment and positioning

Date	Firm	Action	Price target
7 Oct	Evercore ISI	Buy maintained	—
6 Oct	J.P. Morgan	Buy maintained	\$625

Date	Firm	Action	Price target
6 Oct	BNP Paribas	Outperform maintained	\$549 → \$604
5 Oct	Melius Research	Upgraded to Buy	\$665
5 Oct	Scotiabank	Sector Outperform maintained	\$510 → \$615
5 Oct	Argus	Target raised	\$510 → \$620
5 Oct	TD Cowen	Buy maintained	—
1 Oct	Wells Fargo	Overweight maintained	\$700 → \$725

Broker actions from moomoo news and research items, 1 to 7 October 2026. A dash means no target change was reported.

Broker targets moved up in a cluster, with every action in the period positive and one upgrade. Insider filings were limited to Form 4 and Rule 144 activity in mid-September on the usual pattern.

Reported institutional holdings lean the other way. The positioning read is **Mixed**, with moderate confidence, as of 30 June 2026, filings through 19 August 2026. Reported holdings show a net reduction of about 2.0% of reported shares over four quarters and 1.0% in the latest quarter, with managers adding and cutting in near-equal numbers; 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. It is recorded rather than scored.

Technical picture

Indicator	Value	Reading
Close, 6 Oct 2026	\$529.30	Up 0.8% on 21.1m shares
SMA 20 / EMA 20	\$504.71 / \$507.71	Price 4.9% and 4.3% above
SMA 50 / EMA 50	\$493.40 / \$486.73	Both rising; the cut-loss sits just below both
SMA 100 / EMA 100	\$446.13 / \$463.68	Price 18.6% above the 100-day
SMA 200 / EMA 200	\$433.34 / \$460.44	Price 22.1% above the 200-day
RSI (14)	67.9	Firm, short of overbought
MACD (12,26,9)	9.51 vs 8.05	Histogram +1.46; turned positive since the last report
ATR (14)	\$11.72	2.2% of price
Volume, 20-day vs 50-day	21.8m vs 27.6m	The 20-day average 21.1% below the 50-day: the advance came on lighter turnover
52-week range	\$349.20 – \$553.72	4.4% below the high

Computed from a Twelve Data daily OHLCV series of 300 completed sessions, 29 July 2025 to 6 October 2026, using Wilder smoothing for RSI and ATR and an SMA seed for each EMA. Distances are measured against the \$529.30 price of record.

The trend has strengthened since the last report: the MACD histogram has turned positive and both fifty-day averages are rising. The weakness is the same one noted in September, a rise made on falling participation. For entry timing the picture argues for patience: the zone now coincides with the twenty- and fifty-day averages, where a pullback in a healthy uptrend would usually stop.

Scorecard

Component	Score	Prior	Rationale and what moved
Business quality weight 15%	 10/10	10/10	Unchanged. \$331.8bn of FY26 revenue at a 46.8% operating margin, with a subscription base beneath it
Financial strength weight 12%	 8/10	8/10	Held. \$329.1bn of uncommenced leases against \$67.0bn of FY26 free cash flow; no new disclosure since
Competitive advantage weight 13%	 9/10	9/10	Held. Capacity and balance sheet remain the moat while the industry is power-constrained
Management weight 10%	 9/10	9/10	Held. No new quarter; the Copilot billing change was moved back a month with notice
Growth potential weight 16%	 9/10	9/10	Held. Demand still exceeds supply; no evidence yet either way on Copilot discounting
Valuation weight 16%	 5/10	6/10	Lowered one. Price up 6.3% on unchanged earnings: 26.8x forward and 6.7% below fair value, with the 10-year at 5.31%
Risk (10 = lowest risk) weight 13%	 6/10	6/10	Held. Larger fixed commitments and higher rates, against intact demand and a strong balance sheet
Technical setup weight 5%	 7/10	7/10	Held. Uptrend above every average and 50-days rising; but extended 5.9% above the entry zone
Overall investment score weighted sum	79 / 100	81/100	Weights sum to 100% and the total was computed in code

Scored 1–10, where 10 is always best, including Risk. The 25 September report used the same direction for Risk, so its scores are directly comparable and no restatement was required.

Only Valuation moved, from 6 to 5, because the price rose 6.3% on unchanged earnings while the long end rose. No development in the period moved any factor.

Recommendation and trade plan

Rating: **BUY**, reaffirmed, with a clear instruction not to chase. The investment case is the one the last report made: demand ahead of supply, a business of rare quality, and a capacity commitment large enough to matter if demand pauses. What changed is the entry. At \$529.30 the trade risks \$45 to make \$36; inside \$495 to \$510 it risks about \$19 to make about \$63. New money belongs in the zone, built in tranches, with one tranche held back through the 4 November results. Existing holders keep the position with the stop raised to \$484.

Item	Level	Basis
Recommended entry	\$495 – \$510	Not at market; the zone sits on the twenty- and fifty-day averages
Cut-loss	\$484	Just below both fifty-day averages; 3.9 ATR below the market
Take-profit 1	\$565	Base-case fair value
Take-profit 2	\$660	Requires the bull case
Expected upside	+6.7% at market; +12.4% from the zone midpoint	To take-profit 1
Expected downside	-8.6% at market; -3.7% from the zone midpoint	To the cut-loss; the bear fair value of \$390 implies about –26% from here
Risk / reward	0.79 : 1 at market; 3.4 : 1 in the zone	The reason not to chase
Holding horizon	12 – 24 months	Unchanged
Position size	Full core position, in tranches	One tranche held back through the Q1 FY27 print

Item	Level	Basis
Suggested allocation	4% – 6% of equities	Unchanged

Upside, downside and risk/reward computed in code from the levels above; the zone midpoint is \$502.50.

What would change the view

Condition	Consequence	Why
A close above \$555	Watchlist	Above the fifty-two-week high, the distance to take-profit 1 falls under 2%
A close below \$484	Watchlist	Breaks the cut-loss and both fifty-day averages together
Azure growth below 35% in Q1 FY27 (results expected 4 November; about 45% guided)	Watchlist	Would show demand, not supply, as the constraint
Lease commitments or capital expenditure rising faster than contracted obligations	Lower Financial Strength; review the rating	Separates a demand-led build from a speculative one
Copilot revenue per seat falling without a matching rise in seats	Lower Growth Potential	Would show discounting as price erosion
A sustained rise in long-end yields alongside contracting enterprise technology budgets	Trim the case multiples	Would hit multiple and earnings together
Q1 Azure growth above 40% with capacity on schedule while the price is in the zone	Strong Buy	Confirms the commitment is being absorbed by demand

Scenario analysis

Case	Prob.	What has to happen	Fair value
Bull	30%	Azure above 40% into FY28; revenue compounds in the high teens; FY28 EPS approaching \$28 at a margin near 45%; capacity sells as it energises	\$680
Base	50%	Azure decelerates toward the mid-thirties; revenue mid-teens; FY27 EPS about \$21, FY28 about \$25; commitments absorbed on schedule	\$565
Bear	20%	A pause in AI capital spending; Azure into the twenties; FY27 EPS about \$18.50; margin toward 42%; lease and depreciation cost ahead of revenue; 21x	\$390
Weighted	100%		\$564.50

Probabilities sum to 100%. Weighted fair value = $0.30 \times \$680 + 0.50 \times \$565 + 0.20 \times \$390 = \$564.50$, verified in code; 6.7% above the \$529.30 close. Case values are own estimates carried from the 25 September report.

The scenarios and their weights are unchanged. Nothing in the period added evidence for or against any case, and moving probabilities on a price move alone would be reasoning backwards from the chart.

Final verdict

Yes, but at \$510 or below, not at \$529.30. The business case has not changed in two weeks and still clears the bar for a core holding: demand ahead of supply, a 46.8% operating margin, and a balance sheet that can carry a build several times its annual free cash flow. The price has simply run ahead of the levels, and a 0.79 to one trade is not one to take with fresh money four weeks before results.

The single biggest concern is unchanged: \$329.1bn of fixed commitments would turn a demand pause into a margin problem. What invalidates the thesis is a first-quarter print in which commitments keep climbing while Azure growth and contracted obligations slow. No company development drove this report; the changes are the price and the moving averages.

Sources

Microsoft Corporation: Form 10-K for fiscal 2026 (filed 29 July 2026); investor relations releases including the 15 September 2026 dividend declaration; Microsoft Partner Center announcements, October 2026 (learn.microsoft.com); Microsoft 365 and Copilot product blogs. Reported

items: The Information and Reuters on the Maia 300 accelerator (August 2026); Bloomberg on capacity plans (10 September 2026); The Information on Copilot discounts (23 September 2026); Windows Central on the October events (17 September 2026). Price of record: Alpha Vantage, 6 October 2026 close. Daily price and volume history: Twelve Data, 300-session series, with all indicators computed from it. Broker actions: moomoo news and research items, 1 to 7 October 2026. Macroeconomic figures: Federal Open Market Committee, US Treasury daily par yield curve, BLS and ISM releases to 5 October 2026. Earnings bases and scenario values are carried forward from the 25 September 2026 report. Figures described as own estimates or calculations are not company-reported measures.

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