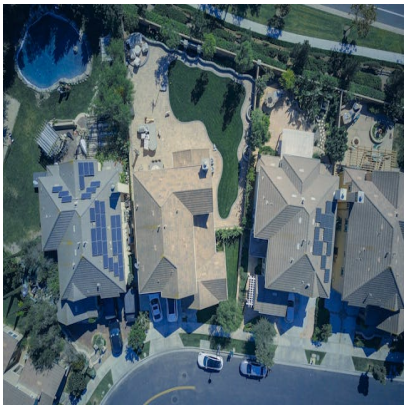

Anticipated Fed Rate Reductions Could Power Growth In Solar Industry

Description

The Leads Ware House

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This article discusses the Federal Reserveâ??s recent and expected cuts in its rate and how this change may positively impact the solar industry. It also discusses how you can capitalize on upcoming opportunities.

In September 2025, the Federal Reserveâ??s Federal Open Market Committee (FOMC) agreed to downwardly adjust the fed rate for the first time in 2025. In an 11-1 decision, the FOMC lowered the federal funds rate by a 1/4 percentage point. The benchmark interest rate is now between **4.00% to 4.25%**. While the FOMCâ??s action was highly anticipated, it left many people with more questions. Among the most burning questions is whether we will see even more rate reductions to stimulate growth in industries that have been hurt by high interest rates? And, if so, when?

Will the Fed lower its rate again in the near future?

The short answer is mixed. While Septemberâ??s reduction was viewed positively, many business leaders felt the cut should have been deeper. The good news is that there are some positive signs that additional rate cuts may be coming soon:

- **Inflation and employment figures are encouraging** â?? When setting its rate, the FOMC seeks a level where rates keep inflation low and employment strong. The Fedâ??s economic data show that inflation for July 2025 was **2.6%**, a dramatic reduction from the 7.2% experienced in June 2022. Inflation appears to be holding pretty steady, even with the tariffs that have been implemented. Similarly, the unemployment rate has remained within the **4.1% to 4.3%** range for the past 15-16 months, despite worries about downsizing the government work force.
- **Most recent projections of the â??neutral rateâ?• suggest some room for cuts** â?? Fed Chair Jerome Powell has recently stated that the Fed is aiming for a â??more neutral policy stance.â?• That means they want to find that spot where they donâ??t flood the market with cheap borrowing but also not hamper it by making it too costly to borrow. So what is that sweet spot? There is a wide range of opinions on the matter, even within the FOMC. Most recent estimates suggest the long-term neutral rate is somewhere between **2.6% and 3.9%**. With the current target rate between 4.0% and 4.25%, thereâ??s likely at least some room for a downward adjustment.
- **Industry projections** â?? J.P. Morgan Global Research predicts that the Fed will make two more cuts this year and one more in 2026, assuming there isnâ??t a â??majorâ?• shift in the labor marketâ??s momentum. Federal Reserve Governor Michelle Bowman reiterated this position just last week, saying she anticipates the Fed will cut interest rates at its final two meetings in 2025.

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When do we expect to see further cuts in the Fed rate?

Any changes to the rate are most likely to occur during the FOMCâ??s regular eight meetings each year. However, there is some precedent for making changes outside of these meetings. When deemed necessary, FOMC can change target rates in emergency meetings held outside their regular schedule. Between 1986 and 1992, most changes occurred in between official meetings.

Two regular meetings are scheduled for the remainder of 2025, one next week on October 28-29 and the other on December 9-10. The latter meeting is specifically associated with one of the FOMCâ??s Summary of Economic Projections. Save the dates.

So what will this mean for the solar industry?

With a price tag of $20,000 to $25,000 for a residential solar installation, it can be challenging for many consumers to fully fund the project with cash. A 2023 Consumer Financial Protection Bureau (CFPB) report stated that **58%** of residential solar installations were paid for using loans. As the fed rate is lowered, interest rates on personal loans will also be reduced. With cheaper borrowing options available, the large number of consumers who were once sidelined by funding concerns may be willing

to revisit the possibility of installing solar panels.

Capitalizing on the opportunity

Now more than ever, solar installation companies must take a targeted approach to sales and allocate their resources wisely. Identifying and connecting with the highest-intent consumers is paramount to success. It is also the most difficult and time consuming part of the sales process.

The Leads Warehouse offers solar companies a way to outsource this part of the process through appointments. These are pre-qualified homeowners who have opted in to learn more about solar installations and have been scheduled to speak with your sales team. Your team just needs to show up for the appointment and convert customers.

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Appointments allow you to:

- Access expertise in generating leads and connecting with consumers
- Limit costly labor outlays
- Focus more on managing deals rather than people

If you would like more information on solar appointments and how you can grow your solar sales, give The Leads Warehouse a call at **1-800-884-8371** or visit our website at https://theleadswarehouse.com.

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