

Morgan Stanley Emerging Markets Domestic Debt Fund, Inc.
Form N-Q
September 25, 2008

[Annotated Form N-Q]

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number 811-22011

MORGAN STANLEY EMERGING MARKETS DOMESTIC DEBT FUND, INC.
(Exact name of registrant as specified in charter)

522 FIFTH AVENUE
NEW YORK, NY
(Address of principal executive offices)

10036
(Zip code)

RANDY TAKIAN
522 FIFTH AVENUE
NEW YORK, NY, 10036
(Name and address of agent for service)

Registrant's telephone number, including area code: 1-800-281-2715

Date of fiscal year end: 10/31

Date of reporting period: 7/31/08

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-S (§§ 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under The investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

Item 1. Schedule of Investments.

The Fund's schedule of investments as of the close of the reporting period prepared pursuant to Rule 12-12 of Regulation S-X is as follows:

Morgan Stanley Emerging Markets Domestic Debt Fund, Inc.

July 31, 2008 (unaudited)

Portfolio of Investments

(Showing Percentage of Total Value of Investments)

		Face Amount (000)	Value (000)
Debt Instruments (98.4%)			
Brazil (20.0%)			
Sovereign (20.0%)			
Federative Republic of Brazil, 10.00%, 1/1/14	BRL	494,989	\$ 271,758
Nota do Tesouro Nacional, 10.00%, 7/1/10		109,030	64,984
			336,742
Colombia (5.3%)			
Corporate (0.9%)			
MFI WWB Cali, 12.50%, 2/28/11 (e)(f)	COP	15,103,760	8,412
MFI WWB Popoyan, 12.50%, 2/28/11 (e)(f)		13,215,790	7,361
			15,773
Sovereign (4.4%)			
Jupiter, S.p.V., Colombian Peso Linked Bonds, 13.50%, 9/15/14	\$	75,000	73,912
			89,685
Egypt (4.1%)			
Sovereign (4.1%)			
Arab Republic of Egypt, 8.75%, 7/18/12	EGP	398,400	68,715
Hungary (13.7%)			
Sovereign (13.7%)			
Republic of Hungary, 6.25%, 8/24/10	HUF	10,750,000	68,202
6.75%, 2/24/17		4,834,840	29,839
7.25%, 6/12/12		20,460,000	131,011
			229,052
Indonesia (8.7%)			
Corporate (0.7%)			
Pindo Deli Finance B.V., Tranche A, 4.83%, 4/28/15 - 4/28/18 (a)(b)	\$	10,032	4,406
Pindo Deli Finance B.V., Tranche B, 4.83%, 4/28/15 (a)		167	126
Pindo Deli Finance B.V., Tranche C, Zero Coupon, 4/28/25		2,227	145
Tjiwi Kimia Finance B.V., Tranche A, 4.83%, 4/28/15 - 4/28/18 (a)(b)		14,392	7,309
Tjiwi Kimia Finance B.V., Tranche B, 4.83%, 4/28/15 (a)		760	574
Tjiwi Kimia Finance B.V., Tranche C, Zero Coupon, 4/28/27 (a)(b)		998	55
			12,615

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Sovereign (8.0%)

Barclays Bank plc, Indonesian Government Bond Linked Notes, 10.00%, 7/17/17	IDR	750,000,000	74,216
Citigroup, Inc., Indonesian Indexed Credit Linked Unsecured Notes, Zero Coupon, 7/19/17	\$	28,828	24,259
Credit Suisse, Republic of Indonesia Government Bonds Credit Linked Notes, 10.00%, 7/17/17	IDR	154,683,530	15,307
JPMorgan Chase & Co., London, Indonesian Treasury Bill Linked Notes, 10.00%, 7/15/17		192,525,000	19,059
			132,841
			145,456

Kazakhstan (0.4%)

Corporate (0.4%)

MFI KMF, 15.50%, 2/28/11 (e)(f)	KZT	905,197	7,532
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Malaysia (1.9%)

Sovereign (1.9%)

Government of Malaysia, 3.72%, 6/15/12	MYR	105,000	31,912
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Mexico (13.3%)

Corporate (1.0%)

MFI Finsol, 14.00%, 2/28/11 (e)(f)	MXN	161,685	16,106
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Sovereign (12.3%)

Mexican Bonos, 8.00%, 12/17/15		800,000	76,341
9.50%, 12/18/14		370,000	38,111
10.00%, 12/5/24 - 11/20/36		837,849	92,255