

Morgan Stanley Emerging Markets Domestic Debt Fund, Inc.  
Form N-Q  
September 24, 2018

**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, New York  
(Address of principal executive offices)

10036  
(Zip code)

John H. Gernon

522 Fifth Avenue, New York, New York 10036  
(Name and address of agent for service)

Registrant's telephone number, including area code: 212-296-0289

Date of fiscal year end: October 31,

Date of reporting period: July 31, 2018

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**Item 1. Schedule of Investments.**

The Registrant'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:

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Morgan Stanley Emerging Markets Domestic Debt Fund, Inc.

Portfolio of Investments

Third Quarter Report

July 31, 2018 (unaudited)

(Showing Percentage of Total Value of Investments)

		Face Amount (000)	Value (000)
<b>Fixed Income Securities (92.5%)</b>			
<b>Argentina (3.0%)</b>			
<b>Corporate Bonds (3.0%)</b>			
Autonomous City of Buenos Aires Argentina, BADLAR + 3.25%, 37.70%, 3/29/24 (a)	ARS	92,677	\$ 2,715
Banco Hipotecario SA, BADLAR + 4.00%, 39.19%, 11/7/22 (a)(b)		25,000	721
Provincia de Buenos Aires, BADLAR + 3.83%, 36.55%, 5/31/22 (a)		218,010	6,603
Provincia de Mendoza Argentina, BADLAR + 4.38%, 37.70%, 6/9/21 (a)		172,370	5,306
Tarjeta Naranja SA, BADLAR + 3.50%, 33.69%, 4/11/22 (a)(b)	\$	5,150	2,339
YPF SA, BADLAR + 4.00%, 36.75%, 7/7/20 (a)(b)		9,137	4,862
			22,546
<b>Brazil (13.8%)</b>			
<b>Sovereign (13.8%)</b>			
Brazil Notas do Tesouro Nacional Serie F, 10.00%, 1/1/21 1/1/25	BRL	383,264	103,111
<b>Chile (1.0%)</b>			
<b>Sovereign (1.0%)</b>			
Bonos de la Tesoreria de la Republica en pesos, 5.00%, 3/1/35	CLP	3,570,000	5,572
Chile Government International Bond, 5.50%, 8/5/20		1,165,000	1,895
			7,467
<b>Colombia (5.9%)</b>			
<b>Corporate Bond (0.2%)</b>			
Fideicomiso PA Costera, 6.25%, 1/15/34 (b)	COP	4,979,415	1,782
<b>Sovereign (5.7%)</b>			
Colombia Government International Bond, 9.85%, 6/28/27		1,466,000	643
Colombian TES, 6.00%, 4/28/28		15,000,000	4,896
7.75%, 9/18/30		16,848,100	6,196
10.00%, 7/24/24		44,128,500	18,084
11.00%, 7/24/20		14,087,000	5,422
Financiera de Desarrollo Territorial SA Findeter, 7.88%, 8/12/24 (b)		21,492,000	7,733
			42,974

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			44,756
<b>Dominican Republic (0.1%)</b>			
<b>Sovereign (0.1%)</b>			
Dominican Republic International Bond, 8.90%, 2/15/23 (b)	DOP	22,000	448

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<b>Georgia (0.8%)</b>			
<b>Corporate Bond (0.8%)</b>			
Bank of Georgia JSC,			
11.00%, 6/1/20 (b)	GEL	14,300	5,864
<b>Hungary (3.4%)</b>			
<b>Sovereign (3.4%)</b>			
Hungary Government Bond,			
3.00%, 10/27/27	HUF	3,407,390	12,238
5.50%, 6/24/25		2,992,920	12,843
			25,081
<b>India (2.9%)</b>			
<b>Sovereign (2.9%)</b>			
India Government Bond,			
8.40%, 7/28/24	INR	1,445,000	21,464
<b>Indonesia (8.8%)</b>			
<b>Sovereign (8.8%)</b>			
Indonesia Treasury Bond,			
8.38%, 3/15/34	IDR	291,441,000	20,503
8.75%, 5/15/31		412,855,000	30,006
9.00%, 3/15/29		204,725,000	15,171
			65,680
<b>Malaysia (5.1%)</b>			
<b>Sovereign (5.1%)</b>			
Malaysia Government Bond,			
3.96%, 9/15/25	MYR	23,754	5,806
4.18%, 7/15/24		111,175	27,681
4.23%, 6/30/31		19,500	4,653
			38,140
<b>Mexico (12.2%)</b>			
<b>Sovereign (12.2%)</b>			
Mexican Bonos,			
Series M			
6.50%, 6/10/21	MXN	443,185	22,989
7.50%, 6/3/27		212,300	11,207
7.75%, 5/29/31		62,900	3,363
8.00%, 12/7/23		129,000	7,004
10.00%, 12/5/24		97,500	5,826
Petroleos Mexicanos,			
(Units)			
7.65%, 11/24/21 (b)(c)		791,300	40,479
			90,868
<b>Peru (4.0%)</b>			
<b>Sovereign (4.0%)</b>			
Peru Government Bond,			
(Units)			
5.70%, 8/12/24 (c)	PEN	44,037	14,139
6.15%, 8/12/32 (b)		20,660	6,578
Peruvian Government International Bond,			
(Units)			
5.70%, 8/12/24 (b)(c)		14,001	4,495

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8.20%, 8/12/26 (c)		13,154	4,824
			30,036
<b>Poland (10.0%)</b>			
<b>Sovereign (10.0%)</b>			
Poland Government Bond,			
5.25%, 10/25/20	PLN	75,898	22,386
Republic of Poland Government Bond,			
3.25%, 7/25/25		29,850	8,341
5.75%, 9/23/22		141,500	44,043
			74,770
<b>Romania (1.2%)</b>			
<b>Sovereign (1.2%)</b>			
Romania Government Bond,			
4.75%, 2/24/25	RON	36,275	9,168
<b>Russia (6.1%)</b>			
<b>Sovereign (6.1%)</b>			
Russian Federal Bond - OFZ,			
6.40%, 5/27/20	RUB	185,800	2,941
7.00%, 8/16/23		765,785	12,109
7.10%, 10/16/24		500,000	7,855
7.60%, 7/20/22		438,000	7,080
8.15%, 2/3/27		961,800	15,969
			45,954
<b>South Africa (7.5%)</b>			
<b>Sovereign (7.5%)</b>			
Republic of South Africa Government Bond,			
8.75%, 1/31/44	ZAR	260,000	18,391
South Africa Government Bond,			
6.75%, 3/31/21		83,700	6,219
7.25%, 1/15/20		24	2
7.75%, 2/28/23		54,000	4,054
8.00%, 1/31/30		388,850	27,513
			56,179
<b>Thailand (2.7%)</b>			
<b>Sovereign (2.7%)</b>			
Thailand Government Bond,			
3.63%, 6/16/23	THB	630,000	20,216
<b>Turkey (2.3%)</b>			
<b>Sovereign (2.3%)</b>			
Turkey Government Bond,			
7.10%, 3/8/23	TRY	19,550	2,520
8.00%, 3/12/25		24,250	3,062
9.20%, 9/22/21		22,000	3,395
10.50%, 1/15/20		29,475	5,315
10.60%, 2/11/26		20,200	2,826
			17,118







- (b) 144A security Certain conditions for public sale may exist. Unless otherwise noted, these securities are deemed to be liquid.
- (c) Consists of one or more classes of securities traded together as a unit.
- (d) Rate shown is the yield to maturity at July 31, 2018.
- (e) The Fund invests in the Institutional Class of the Morgan Stanley Institutional Liquidity Funds - Treasury Securities Portfolio - (the Liquidity Funds ), an open-end management investment company managed by the Adviser. Advisory fees paid by the Fund are reduced by an amount equal to its pro-rata share of the advisory and administration fees paid by the Fund due to its investment in the Liquidity Funds. For the nine months ended July 31, 2018, advisory fees paid were reduced by approximately \$16,000 relating to the Fund's investment in the Liquidity Funds.
- (f) Securities are available for collateral in connection with open foreign currency forward exchange contracts and futures contracts.
- (g) The Fund is permitted to purchase and sell securities ( cross-trade ) from and to other Morgan Stanley Funds as well as other funds and client accounts for which the Adviser or an affiliate of the Adviser serves as investment adviser, pursuant to procedures approved by the Directors in compliance with Rule 17a-7 under the Act (the Rule ). Each cross-trade is executed at the current market price in compliance with provisions of the Rule. For the nine months ended July 31, 2018, the Fund did not engage in any cross-trade transactions.
- (h) At July 31, 2018, the aggregate cost for federal income tax purposes approximates the aggregate cost for book purposes. The aggregate gross unrealized appreciation is approximately \$10,217,000 and the aggregate gross unrealized depreciation is approximately \$123,848,000, resulting in net unrealized depreciation of approximately \$113,631,000.

BADLAR Buenos Aires Deposits of Large Amount Rate.

LIBOR London Interbank Offered Rate.

OFZ Obilgatsyi Federal novo Zaima (Russian Federal Loan Obligation).

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**Foreign Currency Forward Exchange Contracts:**

The Fund had the following foreign currency forward exchange contracts open at July 31, 2018:

Counterparty		Contracts to Deliver (000)		In Exchange For (000)	Delivery Date	Unrealized Appreciation (Depreciation) (000)
Barclays Bank PLC	MYR	21,000	\$	5,171	8/2/18	\$ 5
Barclays Bank PLC	MYR	16,600	\$	4,088	8/2/18	4
Barclays Bank PLC	\$	5,186	MYR	21,000	8/2/18	(20)
Barclays Bank PLC	\$	4,093	MYR	16,600	8/2/18	(9)
JPMorgan Chase Bank NA	BRL	183,988	\$	48,628	8/2/18	(393)
JPMorgan Chase Bank NA	BRL	4,400	\$	1,117	8/2/18	(55)
JPMorgan Chase Bank NA	BRL	7,500	\$	1,896	8/2/18	(102)
JPMorgan Chase Bank NA	BRL	195,888	\$	52,169	8/2/18	(22)
JPMorgan Chase Bank NA	\$	52,630	BRL	195,888	8/2/18	(439)
JPMorgan Chase Bank NA	\$	1,172	BRL	4,400	8/2/18	@
JPMorgan Chase Bank NA	\$	1,997	BRL	7,500	8/2/18	1
JPMorgan Chase Bank NA	\$	48,999	BRL	183,988	8/2/18	21
UBS AG	MYR	37,600	\$	9,328	8/2/18	78
UBS AG	\$	9,259	MYR	37,600	8/2/18	(9)
Bank of America NA	\$	21,757	MXN	403,000	8/3/18	(138)
Barclays Bank PLC	\$	2,251	TRY	11,000	8/3/18	(19)
JPMorgan Chase Bank NA	MXN	403,000	\$	20,368	8/3/18	(1,251)
JPMorgan Chase Bank NA	TRY	11,000	\$	2,327	8/3/18	96
BNP Paribas SA	INR	1,695,670	\$	24,517	8/14/18	(172)
JPMorgan Chase Bank NA	RON	13,000	\$	3,271	8/14/18	(15)
JPMorgan Chase Bank NA	\$	7,410	RON	29,510	8/14/18	50
JPMorgan Chase Bank NA	COP	16,830,000	\$	5,858	8/15/18	39
JPMorgan Chase Bank NA	\$	9,450	RUB	595,000	8/15/18	60
JPMorgan Chase Bank NA	\$	6,056	KZT	2,100,000	8/17/18	(29)
JPMorgan Chase Bank NA	NGN	4,600,000	\$	11,757	8/20/18	(935)
Bank of America NA	HUF	1,439,000	\$	5,226	8/24/18	(28)
JPMorgan Chase Bank NA	\$	13,900	CZK	306,500	8/24/18	126
JPMorgan Chase Bank NA	ZAR	118,150	\$	8,863	8/24/18	(85)
Bank of America NA	PLN	68,000	\$	18,325	8/27/18	(287)
JPMorgan Chase Bank NA	\$	16,487	THB	550,000	8/27/18	53
JPMorgan Chase Bank NA	\$	3,238	CLP	2,100,000	8/31/18	56
JPMorgan Chase Bank NA	BRL	195,888	\$	52,434	9/5/18	446
Bank of America NA	MXN	403,000	\$			