MORGAN STANLEY QUALITY MUNICIPAL INCOME TRUST
Form N-CSRS
July 07, 2006

Welcome, Shareholder:

In this report, you'll learn about how your investment in Morgan Stanley Quality Municipal Income Trust performed during the semiannual period. We will provide an overview of the market conditions, and discuss some of the factors that affected performance during the reporting period. In addition, this report includes the Trust's financial statements and a list of Trust investments.

> Market forecasts provided in this report may not necessarily come to pass. There is no assurance that the Trust will achieve its investment objective. The Trust is subject to market risk, which is the possibility that market values of securities owned by the Trust will decline and, therefore, the value of the Trust's shares may be less than what you paid for them. Accordingly, you can lose money investing in this Trust.

Fund Report
For the six months ended April 30, 2006

Market Conditions

The U.S. economy navigated a number of challenges and continued to grow during the reporting period, with particular strong expansion in 2006. Although the Gulf Coast hurricanes resulted in unprecedented devastation, the negative impact on the economy was less far-reaching than many had originally anticipated. Even sharply higher energy prices failed to interrupt the positive economic momentum.

In 2006, developing weakness in the real estate sector and elevated commodity prices weighed on sentiment. Yet, strong manufacturing surveys, buoyant consumer confidence and positive employment data pointed toward steady growth in real gross domestic product. While sustained higher energy costs began to push some prices upward, headline measures of inflation remained largely stable.

Given the economy's solid growth, the Federal Open Market Committee (the ''Fed'') continued to raise the federal funds target rate. Through four increases of 25 basis points each, the Fed brought the rate from 3.75 percent to 4.75 percent during the period. Yields on short-term municipal bonds followed the target rate and rose steadily. In contrast, the yields of long-term bonds initially declined before moving higher in April. Representative yields on 30-year AAA rated municipal bonds declined from 4.60 percent in October 2005 to a low of 4.30 percent in February, before ending the period at 4.55 percent. Accordingly, the slope of the municipal yield curve continued to flatten as the difference between short-term and long-term interest rates narrowed. In this environment, the benefits of leveraged investment strategies were less pronounced. (Leverage involves borrowing at short-term rates to purchase longer-term securities, thereby taking advantage of the differential between short- and long-term yields.)

Investors' quest for yield favored lower-quality bonds over high-grade issues and kept credit spreads relatively tight. (Credit spreads measure the incremental yield investors require to assume additional credit risk. When credit spreads tighten, lower-rated issues typically outperform high-grade issues.)

Demand for municipal bonds strengthened among individual and institutional investors alike. Meanwhile, municipal bond supply dropped significantly as the period progressed. New issue volume continued to be robust in the final months of 2005, supporting the record pace of issuance during the calendar year (more than $400 billion). However, volume in the first four months of 2006 fell by nearly 25 percent compared to the same period in 2005. The decline was largely attributable to a slowdown in refundings, which dropped by more than 55 percent as rising interest rates discouraged municipalities from refinancing debt. Improved fiscal conditions among state and local governments also contributed to less significant borrowing needs. Bonds backed by insurance fell to under 50 percent of issuance in 2006, from nearly 60 percent in 2005. Issuers in California, Texas, New York, Florida and Illinois accounted for over 40 percent of the total underwriting volume in 2006.

Reflecting declining supply and sustained demand, municipal bonds outperformed U.S. Treasuries with comparable maturities. That said, the relative attractiveness of tax-exempt bonds ebbed somewhat, and the 30-year municipal-to-Treasury yield ratio steadily declined from 97 to 88 percent. (The municipal-to-Treasury yield ratio measures the relative attractiveness of the two sectors. The higher the ratio, the greater the attractiveness of municipal yields relative to Treasury yields.)

Performance Analysis

For the six-month period ended April 30, 2006, the net asset value of Morgan Stanley Quality Municipal Income Trust (IQI) decreased from $15.38 to $15.05 per share. Based on this change plus reinvestment of tax-free dividends totaling $0.42 per share and a long-term capital gain distribution of $0.255844 per share, the Trust's total NAV return was 2.62 percent. IQI's value on the New York Stock Exchange (NYSE) moved from $13.71 to $14.43 per share during the same period. Based on this change plus reinvestment of dividends and distributions, the Trust's total market return was 10.38 percent. IQI's NYSE market price was at a 4.12 percent discount to its NAV. During the fiscal period, the Trust purchased and retired 715,200 shares of common stock at a weighted average market discount of 7.05 percent. *Past performance is no guarantee of future results.*

Monthly dividends for the second quarter of 2006, declared in March, were unchanged at $0.07 per share. The dividend reflects the current level of the Trust's net investment income. IQI's level of undistributed net investment income was $0.083 per share on April 30, 2006, versus $0.123 per share six months earlier.[1]

In anticipation of continued Fed tightening and generally higher interest rates, the Trust made modest ongoing adjustments to its portfolio to reduce volatility. For example, a U.S. Treasury futures strategy was used to reduce the portfolio's duration,* as a hedge against rising rates. At the end of April, the Trust's option-adjusted duration was 11.4 years. This duration positioning tempered the Trust's total returns when rates declined, but helped total returns when rates rose.

Overall, the Trust maintained a high average credit quality with more than 86 percent of the bonds in the portfolio rated AA or higher as of the end of the period. The Trust slightly increased its exposure to A and BBB rated investment grade credits; this had a positive impact on performance as lower rated issues outperformed high-grade bonds. (High-grade bonds are rated AA and above.)

Purchases during the period included bonds with maturities in the 25- to 30-year range and defensive characteristics. Investments continued to emphasize essential service sectors such as education, transportation, and water and sewer. The Trust also favored bonds with strong in-state investor demand. Reflecting a commitment to diversification, the Trust's net assets of approximately $575 million, including preferred shares, were invested among 15 long-term sectors and 106 credits.

As discussed in previous reports, the total income available for distribution to holders of common shares includes incremental income provided by the Trust's outstanding Auction Rate Preferred Shares (ARPS). ARPS dividends reflect prevailing short-term interest rates on maturities ranging from one week to two years. Incremental income to holders of common shares depends on two factors: the amount of ARPS outstanding and the spread between the portfolio's cost yield and its ARPS auction rate and expenses. The greater the spread and the higher the amount of ARPS outstanding, the greater the amount of incremental income available for distribution to holders of common shares. The level of net investment income available for distribution to holders of common shares varies with the level of short-term interest rates. ARPS leverage also increases the price volatility of common shares and has the effect of extending portfolio duration.

During this six-month period, ARPS leverage contributed approximately $0.06 per share to common-share earnings. The Trust has five ARPS series totaling $208 million, representing 36 percent of net assets, including preferred shares. At the end of April weekly ARPS yields ranged from 3.41 to 3.70 percent compared to 2.56 to 2.70 percent at the end of October 2005.

The Trust's procedure for reinvesting all dividends and distributions in common shares is through purchases in the open market. This method helps support the market value of the Trust's shares. In addition, we would like to remind you that the Trustees have approved a procedure whereby the Trust may, when appropriate, purchase shares in the open market or in privately negotiated transactions at a price not above market value or net asset value, whichever is lower at the time of purchase. The Trust may also utilize procedures to reduce or eliminate the amount of ARPS outstanding, including their purchase in the open market or in privately negotiated transactions.

Performance data quoted represents past performance, which is no guarantee of future results, and current performance may be lower or higher than the figures shown. Investment return, net asset value and common share market price will fluctuate and Trust shares, when sold, may be worth more or less than their original cost.

There is no guarantee that any sectors mentioned will continue to perform as discussed herein or that securities in such sectors will be held by the Trust in the future.

[1] Income earned by certain securities in the portfolio may be subject to the federal alternative minimum tax (AMT).

* A measure of the sensitivity of a bond's price to changes in interest rates, expressed in years. Each year of duration represents an expected 1 percent change in the price of a bond for every 1 percent change in interest rates. The longer a bond's duration, the greater the effect of interest-rate movements on its price. Typically, trusts with shorter durations perform better in rising-interest-rate environments, while trusts with longer durations perform better when rates decline. Duration calculations are adjusted for leverage.

TOP FIVE SECTORS	
Water & Sewer	38.0%
Transportation	28.2
General Obligation	19.9

Electric	17.9
Hospital	11.0

LONG-TERM CREDIT ANALYSIS	
Aaa/AAA	63.9%
Aa/AA	22.4
A/A	9.4
Baa/BBB	2.9
Ba/BB or Less	1.1
N/R	0.3

Data as of April 30, 2006. Subject to change daily. All percentages for top five sectors are as a percentage of net assets applicable to common shareholders. All percentages for long-term credit analysis are as a percentage of total long-term investments. These data are provided for informational purposes only and should not be deemed a recommendation to buy or sell the securities mentioned. Morgan Stanley is a full-service securities firm engaged in securities trading and brokerage activities, investment banking, research and analysis, financing and financial advisory services.

For More Information About Portfolio Holdings

Each Morgan Stanley trust provides a complete schedule of portfolio holdings in its semiannual and annual reports within 60 days of the end of the trust's second and fourth fiscal quarters. The semiannual reports and the annual reports are filed electronically with the Securities and Exchange Commission (SEC) on Form N-CSRS and Form N-CSR, respectively. Morgan Stanley also delivers the semiannual and annual reports to trust shareholders and makes these reports available on its public web site, www.morganstanley.com. Each Morgan Stanley trust also files a complete schedule of portfolio holdings with the SEC for the trust's first and third fiscal quarters on Form N-Q. Morgan Stanley does not deliver the reports for the first and third fiscal quarters to shareholders, nor are the reports posted to the Morgan Stanley public web site. You may, however, obtain the Form N-Q filings (as well as the Form N-CSR and N-CSRS filings) by accessing the SEC's web site, http://www.sec.gov. You may also review and copy them at the SEC's public reference room in Washington, DC. Information on the operation of the SEC's public reference room may be obtained by calling the SEC at (800) SEC-0330. You can also request copies of these materials, upon payment of a duplicating fee, by electronic request at the SEC's e-mail address (publicinfo@sec.gov) or by writing the public reference section of the SEC, Washington, DC 20549-0102.

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Distribution by Maturity
(% of Long-Term Portfolio) As of April 30, 2006

Weighted Average Maturity: 18 Years[(a)]

(a) Where applicable maturities reflect mandatory tenders, puts and call dates.

Portfolio structure is subject to change.

Geographic Summary of Investments
Based on Market Value as a Percent of Total Investments

Alabama	1.3%
Arizona	2.7
California	10.0
Colorado	2.2
Florida	4.6
Georgia	5.1
Hawaii	3.5
Idaho	0.4
Illinois	4.0%
Indiana	4.7
Kentucky	0.9
Maine	0.6
Maryland	1.7
Michigan	2.7
Minnesota	0.4
Missouri	0.3
Montana	0.6%
Nebraska	0.9
Nevada	2.5
New Jersey	6.1
New Mexico	1.1
New York	14.5
North Carolina	1.7
Ohio	2.0
Pennsylvania	5.2%
Puerto Rico	0.7
South Carolina	3.4
Texas	12.1
Virginia	0.6
Washington	3.0
Wisconsin	0.5
Total†	100.0%

† Does not include open short futures contracts with an underlying face amount of $86,106,641 with unrealized appreciation of $850,858.

Call and Cost (Book) Yield Structure
(Based on Long-Term Portfolio) As of April 30, 2006

Years Bonds Callable—Weighted Average Call Protection: 7 Years

Cost (Book) Yield[(b)]—Weighted Average Book Yield: 5.1%

(a) May include issues initially callable in previous years.

(b) Cost or ‘‘book’’ yield is the annual income earned on a portfolio investment based on its original purchase price before the Trust's operating expenses. For example, the Trust is earning a book yield of 6.6% on 2% of the long-term portfolio that is callable in 2006.

Portfolio structure is subject to change.

Investment Advisory Agreement Approval

Nature, Extent and Quality of Services

The Board reviewed and considered the nature and extent of the investment advisory services provided by the Investment Adviser under the Advisory Agreement, including portfolio management, investment research and fixed income securities trading. The Board also reviewed and considered the nature and extent of the non-advisory, administrative services provided by the Trust’s Administrator under the Administration Agreement, including accounting, clerical, bookkeeping, compliance, business management and planning, and the provision of supplies, office space and utilities at the Investment Adviser’s expense. (The Investment Adviser and the Administrator together are referred to as the ‘‘Adviser’’ and the Advisory and Administration Agreements together are referred to as the ‘‘Management Agreement.’’) The Board also compared the nature of the services provided by the Adviser with similar services provided by non-affiliated advisers as reported to the Board by Lipper Inc. (‘‘Lipper’’).

The Board reviewed and considered the qualifications of the portfolio managers, the senior administrative managers and other key personnel of the Adviser who provide the administrative and advisory services to the Trust. The Board determined that the Adviser’s portfolio managers and key personnel are well qualified by education and/or training and experience to perform the services in an efficient and professional manner. The Board concluded that the nature and extent of the advisory and administrative services provided were necessary and appropriate for the conduct of the business and investment activities of the Trust. The Board also concluded that the overall quality of the advisory and administrative services was satisfactory.

Performance Relative to Comparable Funds Managed by Other Advisers

On a regular basis, the Board reviews the performance of all funds in the Morgan Stanley Fund Complex, including the Trust, compared to their peers, paying specific attention to the underperforming funds. In addition, the Board specifically reviewed the Trust’s performance for the one-, three- and five-year periods ended November 30, 2005, as shown in a report provided by Lipper (the ‘‘Lipper Report’’), compared to the performance of comparable funds selected by Lipper (the ‘‘performance peer group’’). The Board also discussed with the Adviser the performance goals and the actual results achieved in managing the Trust. The Board concluded that the Trust’s performance was competitive with that of its performance peer group.

Fees Relative to Other Proprietary Funds Managed by the Adviser with Comparable Investment Strategies

The Board reviewed the advisory and administrative fee (together, the ‘‘management fee’’) rate paid by the Trust under the Management Agreement. The Board noted that the management fee rate was comparable to the management fee rates charged by the Adviser to other proprietary funds it manages with investment strategies comparable to those of the Trust.

Fees and Expenses Relative to Comparable Funds Managed by Other Advisers

The Board reviewed the management fee rate and total expense ratio of the Trust as compared to the average management fee rate and average total expense ratio for funds, selected by Lipper (the ‘‘expense peer group’’), managed by other advisers with investment strategies comparable to those of the Trust, as shown in the Lipper Report. The Board concluded that the Trust’s management fee rate and total expense ratio were competitive with those of its expense peer group.

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Breakpoints and Economies of Scale

The Board reviewed the structure of the Trust’s management fee schedule under the Management Agreement and noted that it does not include any breakpoints. The Board considered that the Trust is a closed-end fund and, therefore, that the Trust’s assets are not likely to grow with new sales or grow significantly as a result of capital appreciation. The Board concluded that the economies of scale for the Trust were not a factor that needed to be considered at the present time.

Profitability of the Adviser and Affiliates

The Board considered information concerning the costs incurred and profits realized by the Adviser and affiliates during the last year from their relationship with the Trust and during the last two years from their relationship with the Morgan Stanley Fund Complex and reviewed with the Adviser the cost allocation methodology used to determine the profitability of the Adviser and affiliates. Based on its review of the information it received, the Board concluded that the profits earned by the Adviser and affiliates were not excessive in light of the advisory, administrative and other services provided to the Trust.

Fall-Out Benefits

The Board considered so-called ‘‘fall-out benefits’’ derived by the Adviser and affiliates from their relationship with the Trust and the Morgan Stanley Fund Complex, such as commissions on the purchase and sale of Trust shares and ‘‘float’’ benefits derived from handling of checks for purchases and sales of Trust shares, through a broker-dealer affiliate of the Adviser. The Board concluded that the float benefits were relatively small and that the commissions were competitive with those of other broker-dealers.

Soft Dollar Benefits

The Board considered whether the Adviser realizes any benefits from commissions paid to brokers who execute securities transactions for the Trust (''soft dollars''). The Board noted that the Trust invests only in fixed income securities, which do not generate soft dollars.

Adviser Financially Sound and Financially Capable of Meeting the Trust's Needs

The Board considered whether the Adviser is financially sound and has the resources necessary to perform its obligations under the Management Agreement. The Board noted that the Adviser's operations remain profitable, although increased expenses in recent years have reduced the Adviser's profitability. The Board concluded that the Adviser has the financial resources necessary to fulfill its obligations under the Management Agreement.

Historical Relationship Between the Trust and the Adviser

The Board also reviewed and considered the historical relationship between the Trust and the Adviser, including the organizational structure of the Adviser, the policies and procedures formulated and adopted by the Adviser for managing the Trust's operations and the Board's confidence in the competence and integrity of the senior managers and key personnel of the Adviser. The Board concluded that it is beneficial for the Trust to continue its relationship with the Adviser.

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Other Factors and Current Trends

The Board considered the controls and procedures adopted and implemented by the Adviser and monitored by the Trust's Chief Compliance Officer and concluded that the conduct of business by the Adviser indicates a good faith effort on its part to adhere to high ethical standards in the conduct of the Trust's business.

General Conclusion

After considering and weighing all of the above factors, the Board concluded that it would be in the best interest of the Trust and its shareholders to approve renewal of the Management Agreement for another year.

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Morgan Stanley Quality Municipal Income Trust

Portfolio of Investments April 30, 2006 (unaudited)

PRINCIPAL AMOUNT		COUPON RATE	MATURITY DATE	VALUE

IN THOUSANDS				
	Tax-Exempt Municipal Bonds (152.5%)			
	General Obligation (19.9%)			
$ 5,000	California, Various Purpose dtd 05/01/03	5.25%	02/01/19	$ 5,281,950
4,000	Los Angeles, California, Ser 2004 A (MBIA)	5.00	09/01/24	4,158,760
2,700	Adams & Arapahoe Counties Joint School District # 32, Colorado, Ser 2003 A (FSA)	5.125	12/01/21	2,841,453
350	Denver School District #1, Colorado, Ser 1999 (FGIC)	5.25	12/01/16	369,730
4,000	Florida Board of Education, Capital Outlay Refg 2002 Ser C (MBIA)	5.00	06/01/20	4,158,280
	Hawaii ,			
5,000	1992 Ser BZ	6.00	10/01/10	5,444,000
8,000	1992 Ser BZ	6.00	10/01/11	8,832,560
5,000	Honolulu City & County, Hawaii, ROLS RR II R 237-3 (MBIA)	6.576‡	03/01/26	5,513,150
4,000	Cook County, Illinois, Ser 1992 C (FGIC)	6.00	11/15/09	4,295,560
6,000	Illinois, First Ser 2002 (MBIA)	5.375	07/01/20	6,399,780
2,000	Schaumburg, Illinois, Ser 2004 B (FGIC)	5.25	12/01/34	2,119,720
	New York City, New York,			
2,000	2006 Ser F	5.00	09/01/23	2,063,900
1,000	2005 Ser G	5.00	12/01/23	1,029,870
	Pennsylvania,			
5,000	First Ser 2003 RITES PA – 1112 A (MBIA)	5.975‡	01/01/18	5,427,350
5,000	First Ser 2003 RITES PA – 1112 B (MBIA)	5.975‡	01/01/19	5,619,350
5,000	Northside Independent School District, Texas, Bldg & Refg Ser 2001 (PSF)	5.00	02/15/26	5,096,750
2,000	King County, Washington, Refg 1998 Ser B (MBIA)	5.25	01/01/34	2,056,740
2,500	Spokane School District #81, Washington, Ser 2005 (MBIA)	0.00#	06/01/23	2,270,475
68,550				72,979,378
	Educational Facilities Revenue (6.6%)			
3,700	University of Alabama, Ser 2004-A (MBIA)	5.25	07/01/22	3,942,535
2,000	California Infrastructure & Economic Development Bank, The Scripps Research Institute Ser 2005 A	5.00	07/01/29	2,049,420
1,000	San Diego County, California, Burnham Institute for Medical Research Ser 2006 COPs	5.00	09/01/34	976,680
	Boulder County, Colorado,			
1,750	University Corp for Atmospheric Research Ser 2002 (MBIA)	5.375	09/01/18	1,872,885
1,750	University Corp for Atmospheric Research Ser 2002 (MBIA)	5.375	09/01/21	1,867,058
2,000	Colorado Educational & Cultural Facilities Authority, Peak to Peak Charter School Refg & Impr Ser 2004 (XLCA)	5.25	08/15/34	2,102,060
2,000	Illinois Educational Facilities Authority, University of Chicago Ser 1998 A	5.125	07/01/38	2,031,740

See Notes to Financial Statements

Morgan Stanley Quality Municipal Income Trust

Portfolio of Investments April 30, 2006 (unaudited) continued

PRINCIPAL AMOUNT IN THOUSANDS		COUPON RATE	MATURITY DATE	VALUE
$ 5,000	North Carolina Capital Facilities Finance Agency, Duke University Ser 2005 A	5.00%	10/01/41	$ 5,122,550
2,000	Ohio State University, General Receipts Ser 2002 A	5.125	12/01/31	2,064,780
2,000	Pennsylvania State University, Refg Ser 2002	5.25	08/15/14	2,167,580
23,200				24,197,288
	Electric Revenue (17.9%)			
6,000	Salt River Project Agricultural Improvement & Power District, Arizona, 2002 Ser B	5.00	01/01/31	6,162,240
2,000	Arkansas River Power Authority, Colorado, Power Ser 2006 (XLCA)	5.25	10/01/40	2,104,080
3,300	Jacksonville Electric Authority, Florida, St Johns Power Park Refg Issue 2 Ser 17	5.00	10/01/18	3,427,611
2,000				