

BLACKROCK MUNICIPAL BOND TRUST
Form N-Q
July 26, 2007

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: 811-21036

BlackRock Municipal Bond Trust
(Exact name of registrant as specified in charter)

100 Bellevue Parkway, Wilmington, DE
(Address of principal executive offices)

19809
(Zip code)

Robert S. Kapito, President

BlackRock Municipal Bond Trust
40 East 52nd Street, New York, NY 10022
(Name and address of agent for service)

Registrant's telephone number, including area code: 888-825-2257

Date of fiscal year end: August 31, 2007

Date of reporting period: May 31, 2007

Item 1. Schedule of Investments.

The Registrant's unaudited schedule of investments as of the close of the reporting period pursuant to Rule 30b1-5 under the Investment Company Act of 1940 is as follows:

PORTFOLIO OF INVESTMENTS (unaudited)**MAY 31, 2007****BlackRock Municipal Bond Trust (BBK)****(Percentages shown are based on Net Assets)**

Principal Amount (000)	Description	Option Call Provisions ¹	Value
LONG-TERM INVESTMENTS 147.8%			
Alabama 6.0%			
\$ 7,500 ₂	Huntsville Hlth. Care Auth., Hlth., Hosp. & Nursing Home RB, Ser. A, 5.75%, 6/01/11	N/A	\$ 8,064,900
	Birmingham Spl. Care Facs. Fing. Auth., Hlth., Hosp. & Nursing Home RB, Ascension Hlth. Proj.,		
1,135	Ser. C-2, 5.00%, 11/15/36	11/16@ 100	1,160,731
815	Ser. C-2, 5.00%, 11/15/39	11/16@ 100	831,976
			10,057,607
Arizona 1.6%			
1,408	Pima Cnty. Incl. Dev. Auth., Local or Gtd. Hsg. RB, 4.89%, 2/04/12, AMT	06/07@ 100	1,408,000
	San Luis Fac. Dev. Corp., Correctional Fac. Impvts. Misc. RB, Regl. Detention Ctr. Proj.,		
300	6.25%, 5/01/15	05/10@ 107	302,904
300	7.00%, 5/01/20	05/10@ 107	302,940
600	7.25%, 5/01/27	05/10@ 107	609,174
			2,623,018
California 6.6%			
1,800	California GO, 5.00%, 6/01/34	12/14@ 100	1,858,608
	Cnty. Tobacco Sec. Agcy., Tobacco Settlement Funded RB,		
		06/16@	
850	Ser. B, Zero Coupon, 6/01/46	17.60	89,556
4,500	Ser. C, Zero Coupon, 6/01/55	06/16@ 8.9	231,210
		06/16@	
5,750	Stanislaus Cnty. Proj., Ser. D, Zero Coupon, 6/01/55	6.219	195,845
	Hlth. Fac. Fing. Auth., Hlth., Hosp. & Nursing Home RB, Sutter Hlth. Proj., Ser. A,		
4,100	5.25%, 11/15/46	11/16@ 100	4,281,917
2,660	Univ. of California, Univ. & Coll. Impvts. RB, Ser. B, 4.75%, 5/15/38	05/13@ 101	2,694,527
1,585	Val Verde Unified Sch. Dist. ST, 6.25%, 10/01/28	10/13@ 102	1,658,084
			11,009,747
Colorado 0.8%			
635	City of Colorado Springs, Mult. Util. Impvts. RB, Ser. C, 5.00%, 11/15/45, FSA	11/15@ 100	658,470
635	Pk. Creek Met. Dist., Ppty. Tax Misc. RB, 5.50%, 12/01/37	12/15@ 101	668,604
			1,327,074
District of Columbia 11.3%			
6,000	Econ. Impvts. TA, Gallery Place Proj., 5.40%, 7/01/31, FSA	07/12@ 100	6,335,820
595	Misc. RB, Friendship Pub. Charter Sch. Proj., 5.25%, 6/01/33, ACA	06/14@ 100	614,689
	Univ. & Coll. Impvts. RB, Georgetown Univ. Proj., Ser. A, Zero Coupon, 4/01/11,		
33,450 ₂	MBIA	N/A	5,815,282
	Tobacco Settlement Fing. Corp., Tobacco Settlement Funded RB,		
5,580	6.75%, 5/15/40	05/11@ 101	6,120,479

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				18,886,270
Florida 19.7%				
1,845	Cnty. of Orange, Sales Tax RB, 4.75%, 10/01/32, XLCA	10/16@ 100		1,867,804
1,535	Halifax Hosp. Med. Ctr., Hlth., Hosp. & Nursing Home RB, Ser. A, 5.00%, 6/01/38	06/16@ 100		1,536,105
770	JEA, Wtr. Util. Impvts. Wtr. RB, Ser. A, 4.75%, 10/01/36, MBIA	04/11@ 100		779,094
6,200	Martin Cnty. Indl. Dev. Auth., Indl. RB, Indiantown Cogeneration Proj., Ser. A, 7.875%, 12/15/25, AMT	07/07@ 100		6,262,992
2,810	Miami Beach Hlth. Facs. Auth., Hlth., Hosp. & Nursing Home Impvts. RB, Mt. Sinai Med. Ctr. Proj., 6.75%, 11/15/21	11/14@ 100		3,149,954
10,000 ₂	Orange Cnty. Hlth. Facs. Auth., Hlth., Hosp. & Nursing Home Impvts. RB, Adventist Hlth. Sys. Proj., 5.625%, 11/15/12	N/A		10,890,300
7,255	Palm Beach Cnty. Hsg. Fin. Auth., Multi-Fam. Hsg. RB, Indian Trace Apts. Proj., Ser. A, 5.625%, 1/01/44, FSA, AMT	01/12@ 100		7,387,839
980	Stevens Plantation Cmnty. Dev. Dist., Pub. Impvts. SA, Ser. A, 7.10%, 5/01/35	05/14@ 100		1,059,782
				32,933,870
Georgia 3.9%				
1,250	City of Atlanta, Port, Arpt. & Marina Impvts. RB, Ser. J, 5.00%, 1/01/34, FSA	01/15@ 100		1,295,425
5,000	Wtr. Util. Impvts. RB, 5.00%, 11/01/37, FSA	11/14@ 100		5,197,550
				6,492,975
Illinois 18.9%				
1,150 ₃	Centerpoint Intermodal Ctr. Prog. Trust TA, Ser. A, 8.00%, 6/15/23	No Opt. Call		1,182,154
4,285 ₂	City of Chicago, Ad Valorem Ppty. Tax GO, 5.50%, 1/01/11, MBIA	N/A		4,553,798
1,540	5.50%, 1/01/38, MBIA	01/11@ 101		1,623,899
55 ₂	Ser. A, 5.50%, 1/01/11, MBIA	N/A		58,450

BlackRock Municipal Bond Trust (BBK) (continued)

(Percentages shown are based on Net Assets)

Principal Amount (000)	Description	Option Call Provisions ¹	Value
Illinois (cont'd)			
	Fin. Auth.,		
\$ 1,065	Coll. & Univ. RB, Edl. Advancement Proj., Ser. B, 5.00%, 5/01/25	11/16@ 100	\$ 1,076,119
850	Coll. & Univ. RB, Edl. Advancement Proj., Ser. B, 5.00%, 5/01/30	11/16@ 100	856,953
420	Hlth., Hosp. & Nursing Home RB, Friendship Vlg. Schaumburg Proj., Ser. A, 5.625%, 2/15/37	02/15@ 100	431,983
525	Univ. & Coll. Impvts. RB, MJH Ed. Asst. LLC Proj., Ser. A, 5.125%, 6/01/35	06/14@ 100	535,358
425	Univ. & Coll. Impvts. RB, MJH Ed. Asst. LLC Proj., Ser. B, 5.375%, 6/01/35	06/14@ 100	433,313
6,000	Hlth. Facs. Auth., Hlth., Hosp. & Nursing Home RB, Lake Forest Hosp. Proj., Ser. A, 5.75%, 7/01/29	07/12@ 100	6,353,940
	Met. Pier & Exposition Auth., Pub. Impvts. Sales Tax RB, McCormick Place Expansion Proj.,		
10,000	Ser. A, Zero Coupon, 6/15/35, MBIA	No Opt. Call	2,755,800
10,000	Ser. A, Zero Coupon, 12/15/36, MBIA	No Opt. Call	2,564,800
10,000	Ser. A, Zero Coupon, 12/15/37, MBIA	No Opt. Call	2,442,000
2,535	Mun. Elec. Agcy., Elec., Pwr. & Lt. RB, 4.50%, 2/01/35, FGIC	02/16@ 100	2,472,157
23,065	Vlg. of Bolingbrook, Pub. Impvts. Ad Valorem Ppty. Tax GO, Ser. B, Zero Coupon, 1/01/36, FGIC	01/12@ 23.018	4,315,923
			31,656,647
Indiana 2.3%			
1,940	Multi-Fam. Hsg., Local Hsg. RB, Canterbury House Apts. Proj., Ser. 1, 5.90%, 12/01/34, AMT	12/11@ 100	1,979,848
1,950	Mun. Pwr. Agcy., Elec., Pwr. & Lt. Impvts. RB, Pwr. Sply. Sys. Proj., Ser. A, 4.50%, 1/01/32, AMBAC	01/16@ 100	1,912,950
			3,892,798
Kansas 3.2%			
5,000	Wichita Arpt. Auth., Port, Arpt. & Marina Impvts. RB, Cessna Citation Svc. Ctr. Proj., Ser. A, 6.25%, 6/15/32, AMT	06/12@ 101	5,325,250
Maryland 3.3%			
1,250	City of Baltimore Pub. Impvts. Tax Incr./Alloc. ST, Harborview Lot No. 2 Proj., 6.50%, 7/01/31	07/13@ 101	1,356,500
2,955	Frederick Cnty., Pub. Impvt. ST, Urbana Cmnty. Dev. Auth. Proj., Ser. B, 6.25%, 7/01/30	07/07@ 102	3,017,144
1,040	Hlth. & Higher Edl. Facs. Auth., Hlth., Hosp. & Nursing Home Impvts. RB, Medstar Hlth., Inc. Proj., 5.50%, 8/15/33	08/14@ 100	1,098,084
			5,471,728
Massachusetts 0.9%			
1,450	Wtr. Recs. Auth., Wtr. RB, Ser. A, 5.00%, 8/01/41	08/16@ 100	1,506,086
Michigan 0.7%			
1,065	Hosp. Fin. Auth., Hlth., Hosp. & Nursing Home RB, Henry Ford Hlth. Sys. Proj., Ser. A, 5.25%, 11/15/46	11/16@ 100	1,100,731

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Mississippi 0.9%			
1,605	Business Fin. Comm., Incl. Impvts. RB, Northrop Grumman Ship Sys. Proj., 4.55%, 12/01/28	12/16@ 100	1,580,331
Multi-State 7.1%			
10,500 ₃	Charter Mac Equity Issuer Trust, Ser. B-2, 7.20%, 10/31/52	10/14@ 100	11,790,135
Nebraska 1.1%			
1,760	Omaha Pub. Pwr. Dist., Elec., Pwr. & Lt. Impvts. RB, Ser. A, 4.75%, 2/01/44	02/14@ 100	1,769,891
Nevada 2.9%			
1,325	Cnty. of Clark Private Schs. RB, Alexander Dawson Sch. Rainbow Proj., 5.00%, 5/15/29	05/16@ 100	1,365,479
1,385	Las Vegas Spec. Dist. No. 809, Pub. Impvts. SA, Summerlin Area Proj., 5.65%, 6/01/23	12/07@ 103	1,431,397
2,000	Truckee Meadows Wtr. Auth., Wtr. RB, 4.875%, 7/01/34, XLCA	07/16@ 100	2,047,840
			4,844,716
New Jersey 9.9%			
1,500	Econ. Dev. Auth., Econ. Impvts. RB, Cigarette Tax Proj., 5.50%, 6/15/31	06/14@ 100	1,580,640
1,500	Hlth., Hosp. & Nursing Home RB, Marcus L. Ward Home Proj., Ser. A, 5.80%, 11/01/31	11/14@ 100	1,608,855
3,000	Port, Arpt. & Marina Impvts. RB, Contl. Airlines, Inc. Proj., 7.20%, 11/15/30, AMT	11/10@ 101	3,220,920
7,500	SA, Kapkowski Rd. Landfill Proj., 6.50%, 4/01/28	No Opt. Call	9,134,175

BlackRock Municipal Bond Trust (BBK) (continued)
 (Percentages shown are based on Net Assets)

Principal Amount (000)	Description	Option Call Provisions ¹	Value
New Jersey (cont'd)			
\$ 915	Middlesex Cnty. Impvt. Auth., Pub. Impvts. Hotel Occupancy Tax RB, Heldrich Associates LLC Proj., Ser. B, 6.25%, 1/01/37	01/15@ 100 \$	966,313
			16,510,903
New York 9.6%			
455 ₄	Albany Incl. Dev. Agcy., Sch. Impvts. Lease Approp. RB, New Covenant Charter Sch. Proj., Ser. A, 7.00%, 5/01/35	05/15@ 102	443,539
1,330	Env. Facs. Corp., Swr. Impvts. Misc. RB, NYC Mun. Wtr. Proj., Ser. B, 5.00%, 6/15/31	06/12@ 100	1,372,972
2,610	Liberty Dev. Corp., Incl. Impvts. Misc. RB, Goldman Sachs Group., Inc. Proj., 5.25%, 10/01/35	No Opt. Call	2,899,136
1,760	Met. Transp. Auth., Misc. RB, Ser. A, 5.00%, 7/01/30, AMBAC	07/12@ 100	1,818,907
1,085	Nanuet Union Free Sch. Dist., Sch. Impvts. Ad Valorem Ppty. Tax GO, 4.30%, 6/15/29, FSA	06/15@ 100	1,058,103
1,130	4.30%, 6/15/30, FSA	06/15@ 100	1,098,089
6,165	New York City Incl. Dev. Agcy., Port, Arpt. & Marina Impvts. RB, American Airlines, Inc./JFK Intl. Arpt. Proj., 7.75%, 8/01/31, AMT	08/16@ 101	7,417,851
			16,108,597
North Carolina 1.8%			
2,945	Gaston Cnty. Incl. Facs. & Poll. Ctrl. Fing. Auth., Incl. Impvts. RB, 5.75%, 8/01/35, AMT	08/15@ 100	3,088,186
Ohio 2.6%			
4,220	Air Qual. Dev. Auth., Rec. Recovery RB, Dayton Pwr. & Lt. Co. Proj., 4.80%, 1/01/34, FGIC	07/15@ 100	4,276,843
Oklahoma 2.0%			
1,355	Dev. Fin. Auth., Hlth., Hosp. & Nursing Home RB, St. John Hlth. Sys. Proj., 5.00%, 2/15/42	02/17@ 100	1,375,731
1,725	Tulsa Mun. Arpt. Trust, Port, Arpt. & Marina Impvts. RB, AMR Corp. Proj., Ser. A, 7.75%, 6/01/35, AMT	No Opt. Call	2,020,441
			3,396,172
Oregon 0.3%			
545	Multi-Fam. Hsg., Local Hsg. RB, Pacific Tower Apts. Proj., Ser. 6, 6.05%, 11/01/34, AMT	12/11@ 100	557,617
Pennsylvania 2.6%			
3,870	Econ. Dev. Fing. Auth., Elec., Pwr. & Lt. Impvts. RB, Reliant Energy, Inc. Proj., Ser. A, 6.75%, 12/01/36, AMT	06/11@ 103	4,274,415
Puerto Rico 2.5%			
1,820	Elec. Pwr. Auth., Elec., Pwr. & Lt. RB, Ser. UU, 5.00%, 7/01/21, FSA	07/17@ 100	1,941,704
1,070	Hwy. & Transp. Auth., Hwy. Impvts. Tolls RB, Ser. N, 5.25%, 7/01/34	No Opt. Call	1,205,740
900	Ser. N, 5.25%, 7/01/36	No Opt. Call	1,016,775
			4,164,219
South Carolina 0.7%			
1,000 ₂	Jobs-Econ. Dev. Auth., Hlth., Hosp. & Nursing Home RB, Palmetto Hlth. Proj., Ser. C,		

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	7.00%, 8/01/13	N/A	1,160,967
	Texas 17.0%		
940 ₂	Dallas Area Rapid Trans., Sales Tax RB, 5.00%, 12/01/11, AMBAC	N/A	983,090
11,690	Harris Cnty.-Houston Sports Auth., Hotel Occupancy Tax RB, Ser. G, Zero Coupon,		
	11/15/41, MBIA	11/31@ 53.779	1,923,356
605	Lower Colorado River Auth., Misc. RB, Ser. A, 5.00%, 5/15/31, MBIA	05/13@ 100	624,142
430	Montgomery Cnty. Mun. Util. Dist. No. 46, Pub. Impvts. Ad Valorem Ppty. Tax GO,		
	4.75%, 3/01/30, MBIA	03/14@ 100	434,175
2,560	Multi-Fam. Hsg., Local Hsg. RB, Copperwood Ranch Apts. Proj., Ser. 9, 5.95%,		
	11/01/35, AMT	12/11@ 100	2,621,542
2,115	Tpke. Auth., Hwy. Impvts. Tolls RB, Ser. A, 5.00%, 8/15/42, AMBAC	08/12@ 100	2,166,416
60,000	Zero Coupon, 8/15/35, AMBAC	08/12@ 25.665	12,147,000

BlackRock Municipal Bond Trust (BBK) (continued)
(Percentages shown are based on Net Assets)

Principal Amount (000)	Description	Option Call Provisions ¹	Value
Texas (cont'd)			
\$ 6,840 ₂	Tyler Cnty. Hlth. Facs. Dev., Hlth., Hosp. & Nursing Home Impvts. RB, Mother Frances Hosp. Proj., 6.00%, 7/01/12	N/A	\$ 7,443,698
			28,343,419
Washington 1.9%			
905	Cnty. of King, Swr. RB, 5.00%, 1/01/36, FSA	01/16@ 100	942,123
2,220	Hlth. Care Facs. Auth., Hlth., Hosp. & Nursing Home RB, Providence Hlth. Sys. Proj., Ser. A, 4.625%, 10/01/34, FGIC	10/16@ 100	2,184,325
			3,126,448
West Virginia 0.3%			
520	Econ. Dev. Auth., Correctional Fac. Impvts. Lease RB, Correctional Juvenile Safety Proj., Ser. A, 5.00%, 6/01/29, MBIA	06/14@ 100	541,164
Wisconsin 5.4%			
1,350	Hlth. & Edl. Facs. Auth., Hlth., Hosp. & Nursing Home RB, Aurora Hlth. Care Proj., 6.40%, 4/15/33	04/13@ 100	1,484,932
7,000 ₂	Wheaton Franciscan Svcs. Proj., 5.75%, 2/15/12	N/A	7,600,320
			9,085,252
	Total Long-Term Investments (cost \$228,177,408)		246,903,076
SHORT-TERM INVESTMENTS 4.7%			
Texas 0.4%			
700 ₅	Harris Cnty. Hlth. Facs. Dev. Corp., Hlth., Hosp. & Nursing Home Impvts. RB, Children's Hosp. Proj., Ser. B-1, 3.91%, 6/01/07, MBIA, FRDD	N/A	700,000
Shares (000)			
Money Market Fund 4.3%			
7,200 _{6,7}	Merrill Lynch Institutional Tax Exempt Fund, 3.60%	N/A	7,200,000
	Total Short-Term Investments (cost \$7,900,000)		7,900,000
	Total Investments 152.5% (cost \$236,077,408 ⁸)		\$ 254,803,076
	Other assets in excess of liabilities 1.7%		2,809,217
	Preferred shares at redemption value, including dividends payable (54.2)%		(90,542,277)
	Net Assets Applicable to Common Shareholders 100%		\$ 167,070,016

¹ Date (month/year) and price of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.

² This bond is prerefunded. U.S. government securities, held in escrow, are used to pay interest on this security, as well as retire the bond in full at the date indicated, typically at a premium to par.

³ Security is not registered under the Securities Act of 1933. These securities may be resold in transactions in accordance with Rule 144A under that Act, to qualified institutional buyers. As of May 31, 2007, the Trust held 7.8% of its net assets, with a current market value of \$12,972,289, in securities restricted as to resale.

⁴ Illiquid security. As of May 31, 2007, the Trust held 0.3% of its net assets, with a current market value of \$443,539, in these securities.

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- 5 For purposes of amortized cost valuation, the maturity date of this instrument is considered to be the earlier of the next date on which the security can be redeemed at par, or the next date on which the rate of interest is adjusted. Rate shown is rate as of May 31, 2007.
- 6 Represents an investment in an affiliate.
- 7 Represents current yield as of May 31, 2007.
- 8 Cost for federal income tax purposes is \$236,081,888. The net unrealized appreciation on a tax basis is \$18,721,188, consisting of \$19,005,931 gross unrealized appreciation and \$284,743 gross unrealized depreciation.

KEY TO ABBREVIATIONS

ACA	□	American Capital Access	MBIA	□	Municipal Bond Insurance Assoc.
AMBAC	□	American Municipal Bond Assurance Corp.	RB	□	Revenue Bond
AMT	□	Subject to Alternative Minimum Tax	SA	□	Special Assessment
FGIC	□	Financial Guaranty Insurance Co.	ST	□	Special Tax
FRDD	□	Floating Rate Daily Demand	TA	□	Tax Allocation
FSA	□	Financial Security Assurance	XLCA	□	XL Capital Assurance
GO	□	General Obligation			

Item 2. Controls and Procedures.

(a) The Registrant's principal executive and principal financial officers have evaluated the Registrant's disclosure controls and procedures within 90 days of this filing and have concluded, as of that date, that the Registrant's disclosure controls and procedures were reasonably designed to ensure that information required to be disclosed by the Registrant in this Form N-Q was recorded, processed, summarized, and reported within the required time periods and that information to be disclosed by the Registrant in this Form N-Q was accumulated and communicated to the Registrant's management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure.

(b) There were no changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a -3(d)) that occurred during the Registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Registrant's internal control over financial reporting.

Item 3. Exhibits.

Separate certifications of the Registrant's Principal Executive and Financial Officers pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 are attached as EX-99.CERT.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) BlackRock Municipal Bond Trust

By: /s/ Donald C. Burke
Name: Donald C. Burke
Title: Treasurer and Principal Financial Officer
Date: July 25, 2007

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By: /s/ Robert S. Kapito
Name: Robert S. Kapito
Title: President and Principal Executive Officer
Date: July 25, 2007

By: /s/ Donald C. Burke
Name: Donald C. Burke
Title: Treasurer and Principal Financial Officer
Date: July 25, 2007
